FOREIGN AFFAIRS

AN AMERICAN QUARTERLY REVIEW

APRIL, 1928

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The articles in FOREIGN AFFAIRS *do not represent any consensus of beliefs. We do not expect that readers of the review will sympathize with all the sentiments they find there, for some of our writers will flatly disagree with others; but we hold that while keeping clear of mere vagaries* FOREIGN AFFAIRS *can do more to guide American public opinion by a broad hospitality to divergent ideas than it can by identifying itself with one school. It does not accept responsibility for the views expressed in any articles, signed or unsigned, which appear in its pages. What it does accept is the responsibility for giving them a chance to appear there.*

The Editors.

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FOREIGN AFFAIRS

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ARCHIBALD CARY COOLIDGE

March 6, 1866 — January 14, 1928

WE have suffered a loss beyond the power of words to express in the death of Archibald Cary Coolidge, which occurred at his home in Boston on January 14, 1928. He had been born there sixty-two years before, a lineal descendant of Thomas Jefferson and William Randolph of Virginia. From the time of his graduation from Harvard in the class of 1887 he followed many and varied lines of work, but all leading to the real objective of his life — the scientific study of history and the true utilization of its lessons.

Six years after graduation he became an instructor of history at his loved *alma mater*, to whose increasing renown and usefulness he devoted the remainder of his life. For this task, to which he brought the most complete devotion of mind and soul, he had prepared himself by arduous work. Until the beginning of 1893 he specialized in the study of history and philosophy under celebrated teachers at the Universities of Berlin and Freiburg, receiving at the latter his doctorate in philosophy. During this period, as well as in later life, he devoted all his spare time to travel. An insatiable thirst consumed him to study at first hand and by personal observation the affairs of the world, "to see the abodes and to know the minds and manners of many peoples," and to learn their languages. He knew that a deep insight into the spirit of a people requires a knowledge of their written and spoken words. He knew that history is the history of man and that to understand man he must know men. History was not to him an abstraction. He knew that it "is philosophy teaching by examples." Historical events meant nothing to him apart from the lessons he could learn from them and the assistance they could give in moulding a better future from a worse past. Nor in applying the lessons of history as an aid to the progress of mankind did he indulge in vain speculations. He knew that the *summum bonum*

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of that progress is a matter of long attainment. He did not study history in the hope that he would discover some magic formula by the utterance of which man would be recreated, but one that would control and direct his evolution from worse to better, that would subject instinct and passion to reason, that would ever lead towards that *summum bonum* whether possible of complete attainment or not.

During these years he served the Department of State as Secretary of Legation in St. Petersburg and Vienna and as private secretary to his uncle, Thomas Jefferson Coolidge, American Minister in Paris. While studying at the German universities he had travelled extensively in Germany, Austria, France, Poland and Hungary, and he now visited Norway, Sweden and Russia. Later he thrice visited Russia, once during the war as special agent of the State Department in Sweden and northern Russia, and again in 1921 with the American Relief Administration. Twice he journeyed around the world studying conditions in the Orient and elsewhere. He was the American delegate to the Pan-American Scientific Congress in Chile; Harvard lecturer at the Sorbonne and other French universities; Harvard exchange professor at the University of Berlin; and member of the American Peace Delegation in Paris, during which time he was also chief of the special mission to Vienna. Those who were then in Paris will remember how the American Delegation relied on his reports, both written and personal, for the real truth about events that were so often misunderstood or misstated.

Shortly after the war and in the midst of other absorbing work he was chosen by the Council on Foreign Relations to be the first Editor of its journal, FOREIGN AFFAIRS. None but those associated with him in this work can know how much its success was due to his ripened experience and judgment, his tact, and his good common sense. He contributed to it many widely read articles. In reference to his last article one who knew him in this work better than any one else says: "When I talked with M. Poincaré in Paris a couple of months ago, he praised Coolidge's article in the October FOREIGN AFFAIRS on Anglo-French relations during the last quarter century as being 'a model of perfect historical writing.' And he went on to say that this was because Prof. Coolidge's knowledge was so deep and at the same time so general that he didn't have to stop the sweep of his reader's thoughts by harping on details, as so many modern historians

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feel they must do." He remained the Editor of FOREIGN AFFAIRS until his death and it pleases us to think that he carried with him the knowledge that it had won a place in the foremost rank of journals, in any language, devoted to international affairs.

For the last sixteen years of his life he also was Director of the Harvard University Library. To this work he gave his ability, his scholarly knowledge, the love of his heart. He found it a great library; he left it one of the few greatest. He enriched it with many splendid collections. One loving friend speaks of these as an unending stream pouring down in almost terrifying waves of knowledge upon the library shelves from every nation of the globe. Then came his great task of classifying and making available this mass of varied knowledge. For, to him, a library was not a charnel house filled with the bones of dead ideas, but rather a garden in which they might be made to germinate and grow and bear fruit each after its kind.

And in the midst of his books he died. We like to think of him thus surrounded by the great spirits of all time, not as friends mourning but rather joyously welcoming him to their Elysium where he with them may know and understand the eternal verities. We like to think that we can hear coming from one of those ancient books written by one modest and gentle like himself the whispered words with which he welcomes this latest comer of his group of white-souled friends

Animae quales neque candidiores
Terra tulit, neque quis me sit devinctior alter.

TASKER H. BLISS

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RESOLUTIONS

Adopted by the Board of Directors of the Council on Foreign Relations, January 27, 1928

THE Directors of the Council on Foreign Relations place on their records this memorial of their fellow-member, Archibald Cary Coolidge, and in so doing they express their sense of grievous loss in his untimely death, and their gratitude for the eminent service which as Editor of FOREIGN AFFAIRS he gave to the Council and to the nation.

When the Council on Foreign Relations founded a publication for the sober discussion of a wide range of questions in the field of international relations, they sought and found in Professor Coolidge an editor uniquely fitted for this task by exceptional aptitude, life-long training, and recognized authority. He gave himself and everything at his command to the work. His devotion and his judgment, representing truly the spirit of the Council, made and maintained the high repute and widening influence of FOREIGN AFFAIRS.

A year ago the Council on Foreign Relations rendered this great scholar its tribute of admiration and confidence by resolving to make permanent the publication to which he had been so prodigal of his vigor and love. It hopes that through many years this journal, a forum of unbiased inquiry, may continue the tradition he has established, and that in its living pages his broad and sane international understanding may endure.

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AMERICAN RESPONSIBILITIES FOR PEACE

By Viscount Cecil

THERE are some platitudes that are so much platitudes that they serve to deaden thought when it ought to be provoked. No one, for example, refers to the unity of civilized mankind — or of mankind civilized and uncivilized for that matter — except as a truism too obvious to be discussed. And, of course, it is a truism. Mankind is one. But even a truism may mean something to those who trouble to think it out. It means much more than merely that "God hath made of one blood all nations of men for to dwell on all the face of the earth." It means that mankind is one in its emotions and desires, in its aspirations, in its self-revelations, in its forms of expression, despite all its differences of language and idea and national tradition. The great figure in literature and art, in science and philosophy, the great religious teacher, is the common possession of the world, not the monopolized mouthpiece of any single nation.

That unity may from time to time be temporarily and partially shattered by some great cataclysm. We have only very lately bridged again the gulfs the war opened between men of like purpose and like endeavor in different lands. Not all indeed are bridged yet, for Russia is still almost wholly cut off from contact with the thought and the scientific progress of Europe and America. But it is broadly true none the less that in the things of the mind, the things that together constitute what we call culture, the world is one. As I write these lines, the man who till two days ago was the greatest living novelist of the English-speaking world is awaiting his burial in Westminster Abbey. Thomas Hardy belonged essentially to his native Dorset, but Dorset could not keep him for herself. Nor could England. Nor could the Anglo-Saxon races. He was part of the culture of the world (though less so than some men not intrinsically greater, because in some ways he deliberately localized the expression of his genius) just as Pasteur was, or Wagner or Lincoln or William James.

It is not indeed the personalities of men like these, but rather the ideas they inspire and bequeath, that knit the world into oneness. And the unity they create, or perhaps demonstrate and

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emphasize rather than create, brings penalties as well as advantage. If all mankind benefits by a common possession, all mankind can be made to suffer from a common ill. That is part, and no small part, of the tragedy of the war. If the bankruptcy of statesmanship or of goodwill and honest intention reveals itself in the desperate acquiescence in resort to force as the last arbiter, the price to be ultimately paid for that disastrous failure will fall on men and women of many nations far removed in distance and in thought from those plunged actually into war. Of the economic interdependence of nations there is little need to speak. But that perhaps is the field where war in reality spreads its ravages least noxiously, though they stand out conspicuous while elsewhere they may lurk beneath the surface.

Perhaps the worst of all the evils that follow in the wake of war is a general lowering of spiritual values. Precisely how and why this should be so need be discussed only if there were any general disposition to deny the fact. But there is not. Certain virtues shine out conspicuous in war, notably of course personal sacrifice and courage, and to a lesser degree resource and pertinacity and endurance. But the men who fight, even in such an Armageddon as we have just passed through, are few by comparison with the mass of mankind far removed from the war arena. And in any case the actual conflict endures for a period far briefer than its progeny of consequences and reactions. Belief in the potentialities of man wavers in the face of evidence so crushing of the impotence of man. The spectacle of the apparent triumph of the worse way over the better breeds discouragement and scepticism, consciously in the few, subconsciously in the many. In a recent biography of a well-known figure in the movement for world-unity and peace it is recorded that when the decision of August 1914 was taken, he could only exclaim in dejection and momentary despair, "They've beaten us." "They" meant no definite persons and no definite countries. It was all the composite forces making continuously for war that had triumphed at last, and the men who stood for something better found it hard for a while to convince themselves that their struggle was worth pursuing.

We have not struck the balance-sheet of the Great War yet. The world was thrown suddenly out of joint, and many of the dislocations are still not remedied. I am no pessimist and I do not look to the future with alarm, but it would be idle to pretend that there are not many features in the present that provoke grave

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disquiet. I speak, it is true, primarily of my own country when I deplore a demoralization which undeniably exists in literature, in the drama and in the habits and practices of individual life. These things cannot be measured. A convincing comparison between pre-war and post-war standards could only be drawn by some authority with wide experience and unfaltering judgment. But no one reasonably conversant with the contemporary novel (this is even more true of France than of England) or with the type of play to be found at three London theatres out of five, can doubt that, quite apart from the growth of a certain freedom which may be wholly healthy, there has developed a laxity of moral standards such as we had not to reckon with in anything like the same degree before the war. *Post hoc* may not be necessarily *propter hoc*, but in this case it is difficult to divorce the effect from what would appear the obvious cause.

Fundamentally what the world is suffering from is loss of faith in the things it once believed in. A characteristic symptom is the decay of parliamentary government in many countries. Men no longer trust themselves to order their own affairs. Democracy for the moment is in eclipse. In Italy there has developed a personal dictatorship; in Russia a dictatorship in commission. Spain has based itself largely on the model of Italy. In Poland parliamentary forms are more carefully preserved, but power is recognized to rest with a single personality. The same has happened, on a relatively trifling scale it is true, in the adjoining state of Lithuania. Contrasted as they seem to be in some respects, the régime in Italy and the régime in Russia resemble each other curiously. Each marks a revolt against an earlier régime, though it is a revolt in the one case towards the Right, in the other towards the Left. In either case, the nation is disciplined and drilled. Intimidation figures more largely in one country than in the other, but in different forms it is present in both. Originality and initiative in either case are relentlessly quelled. An effective censorship darkens knowledge by denying currency to facts incompatible with the theories it is desired to inculcate, and in both countries the population is relatively acquiescent. The many have abandoned their rights and abdicated in favor of the few. Tsarist Russia furnished no very exalted standards against which to set the standards of Russia today, but even so it is hard to resist the conclusion that progress has been mainly downwards. And only an ardent Fascist would claim

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that in the qualities which make a nation great the Italy of 1928 is on the whole richer than the Italy of the years before the war.

Turn to Germany. There politically we are comparing Republic with Monarchy, and to that extent the war, it will seem to many, has brought an obvious gain. It may be so. But who can foresee the destiny of Germany today, looking less to her political evolution than her spiritual? Before the war she was at least a unity, with the half-apotheosized figure of the Kaiser as rallying-point. Today that rallying point is gone. But it is by no means certain that any stable substitute has been found. Parliamentary institutions have been accepted rather because no other form of government was possible than because they were in themselves approved. That they should take firm root in Germany all will hope, but few will be confident.

Where Germany emerged defeated from the war France came through victorious, but her victory was snatched from the very jaws of defeat. The enemy's guns had echoed through the streets of her capital. Her courage had not faltered and her valor helped to save her, but France knows today, as she only feared before, that, left to face alone an onslaught by her immediate neighbor, she could have nothing in prospect but defeat. Alliances cannot be counted on to repeat themselves, and France, apart from the all-important engagements of Locarno, is not in fact relying on them today. She relies instead on material armaments, piled up to counteract the potential strength of an unarmed Germany. And she cannot be certain that they will counteract it. But since France cannot stand alone, and knows it, there must be the piled-up armaments or else some binding guarantee which will make her certain again of the Allies who saved her in the crisis of fourteen years ago. To point that out is not to disparage France. In a world still disintegrated and demoralized she is taking the natural course. But it is not the highest course; perhaps it could not be. France herself is in no sense a danger to peace; on the contrary, she clings to peace; but it is doing her no injustice to say that she clings to peace primarily because she dreads war so greatly and with so much reason.

I have no desire to speak less favorably of other countries than of my own. I would indeed be the last to claim that Britain came morally unscathed through the ordeal of the war. On the contrary, she was shaken in all her fabric. Memories are short, but we have not forgotten yet the tragedy of the struggle with

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Ireland in the years immediately after peace was signed, with the shameful warfare waged by the Black-and-Tans in the name of the British Government. Industrially the temporary unity the war precipitated was dissipated as soon as the war was over, and though it took years for smouldering discontents to blaze out at last in the folly of the General Strike of 1925, that episode remains as bitter testimony of the failure of Great Britain to hold fast her moral gains.

The tide I believe has turned so far as Britain is concerned. I hope it is not political bias which leads me to suggest that the first symptom of revival was the advent of Mr. Baldwin's Government to power. It was a sign that the country desired stability, and some of the Prime Minister's earlier speeches, notably on the theme of peace in industry, at once reflected and stimulated all that was best in the national aspirations, though, by the unhappy irony of events, the sequel to them in point of time was the prolonged dispute in the mining industry and the General Strike in which it culminated.

But as I read the signs today I take courage to hope. I have spoken of post-war demoralization as reflected in post-war literature. A reaction is beginning to set in. The average novel of 1928 is cleaner, less superficial, richer in idea and sometimes in purpose, than the novel of 1921. The ideals of public service are making a new appeal, or perhaps presenting an old appeal with more effect. Peace in industry, to borrow too casual a current phrase, is not the result of mere exhaustion after the disastrous May of 1925, but the outcome of a dawning and broadening conviction that neither the community nor any class can realize itself except on the basis of conscious coöperation. And on a higher level there is manifest a new sense of the realities of religion. That is something more easy to feel than to demonstrate, but one evidence at least has created a profound impression wherever in the country the debates in the House of Parliament are read. By general consent, Parliament has never since the war risen to any level comparable with that attained in the discussions on the revision of the Prayer Book. No single speech was delivered that violated the sentiments of religious men. Speech after speech, on the contrary, was delivered on either side charged with an earnestness and a depth of conviction such as, by the nature of things, can rarely find expression in the ordinary secular debates of Parliament. And it was not because Members cared so

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little about religion that they were reluctant to endorse the changes in the revised liturgy, but because they cared so much.

How stands it — to put a question I claim no title to answer — with the United States? If the unity of mankind is what I believe, it would be strange that America should remain untouched by the disintegration of ideas and the depreciation, temporary or permanent, of moral values. Conditions differ, of course, in many notable respects on the two shores of the Atlantic Ocean. America, in particular, is wealthy, while Europe is impoverished. But by readers of this journal at least wealth will not be mistaken for moral health. The two may subsist together — that is quite possibly the case in America today — but at least the alternative is possible too. There can be increasing wealth with decreasing moral health. Spiritual values need not rise commensurately with bank balances. But that is America's affair, on which Americans can frame their own conclusions on the basis of knowledge I cannot claim to possess. But while a foreigner may hesitate to express himself with assurance on questions domestic to the United States, he may perhaps be permitted to make certain comments, from the standpoint not of critic but of dispassionate observer, on certain tendencies which seem to be manifest in the United States' external policy.

Let us take, for example, one fundamental canon of American policy. The avoidance of entangling alliances is consecrated by a tradition going back to the first days of the Republic, and the circumstances that dictated the formulation of the doctrine are as completely intelligible as the considerations which have maintained it from that day onwards in the forefront of the political philosophy of the United States. There has often been enough that is distasteful in the play and interplay of European diplomacy to justify abundantly the resolve of the United States to avoid implicating itself in controversies and intrigues from which it was happily in a position to hold aloof. But that, of course, is not the only possible explanation of the reverence paid to the doctrine of non-entanglement. Without serious inappropriateness, it might be said of the two passers-by in the Biblical parable that they left the man who had fallen among thieves lying wounded where he was because they had been educated to avoid entangling alliances. A doctrine wise in its inception and frequently beneficial in its application may need to be differently characterized if it is ever taken as mere shelter from the sacrifices attendant on full

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coöperation in the heavy task of straightening out the difficulties of the world and building up again the ruined fabric. The doctrine of non-entanglement so interpreted and put to such use might be thought to be more akin to national sefishness than to national prudence.

Why is it that the United States is unpopular in Europe? To pretend that it is not unpopular would be mere affectation, though doubtless the degree of its unpopularity is often grossly exaggerated. Still, it is at the moment not popular, just as I am told there is no excess of enthusiasm for Great Britain today in the United States. If I try and indicate briefly what is frequently said about the United States in different European countries today, it must not be thought that I am making this picture and these ideas my own. I am not. I agree broadly with some of them and disagree profoundly with others. But if the present misunderstandings between Europe and the United States are to be lessened or removed — and in the interest of mankind nothing is more necessary — it may perhaps help if I state with frankness what is commonly felt on the subject. Put crudely it amounts to this — that the United States is binding on men's backs burdens grievous to be borne and lifting not one of its fingers to lighten the load. America, it is said, remained out of the war for nearer three years than two, while the nations with which she later was associated were almost worn down by the stress of the conflict. Later, when the folly of the Germans forced her into war against her will, her weight was only felt in the field in the closing months of the war, and between then and the Armistice she suffered comparatively little, if sufferings are computed in the terms of what the other Allies had borne. The intervention of America was of vital importance; it may indeed be claimed with some show of reason that it was actually decisive; but to the end the great bulk of the fighting was of necessity done by others.

Let me continue the argument, an argument, I repeat, which I am quoting, though by no means adopting. After the war came the work of reconstruction. By far the greatest outcome of the peace settlement was the League of Nations. In international affairs it is the one hope of the world. In the first half of 1919 — in April when the Covenant was adopted by the Allies, in June when it received the signature of the Allies and the Germans as the first chapter of the Treaty of Versailles — it was before all things the League of President Wilson. Thought had been applied

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to it in other countries. The Covenant in its final form was as much British as American. But it was President Wilson who had given the League idea currency; and President Wilson, and through him his country, reaped the credit which no one endeavored or desired to deny him. But the United States, avoiding responsibility, withdrew from the League and left to the others the task of launching it and keeping it afloat.

The World Court, again, was as much an American conception as a European. One of the most distinguished of American jurists, Mr. Root, took a leading part in framing its Statute. But America stands aloof from the Court. She came near identifying herself with it in 1926, and the reasons that finally dictated her abstention are understood. But the fact remains that the United States has recoiled from this largely American expression of what is historically an American idea.

In other spheres American aloofness has made itself equally felt. There is the whole question of war-debts. I have no intention of discussing that here. America is fully within her legal rights in the line she has taken. So far as Great Britain is concerned there is only one policy — to honor our engagements and to continue at whatever sacrifice to pay what we undertook to pay. But a policy that may be legally justified is not of necessity attractive. After all, creditors are seldom popular and the circumstances out of which this debt arose does not tend to decrease the unpopularity of its enforcement.

Further back, there was Armenia. That story is largely forgotten now, but at the Peace Conference no nation was more eloquent than America on the rights of the Armenians and the need of enabling them to reëstablish themselves on an independent, or at least an autonomous, basis in the region of their historic home. America was insistent on that till it came to the question of assuming responsibility towards the Armenians and offering them some kind of protection and support. From that America recoiled as decisively as she was recoiling from the idea of association with the League.

Later still we have had the Three-Power Naval Conference at Geneva. The assembling of the Conference was due to the initiative of President Coolidge and his action does him nothing but honor. But America, say her European critics, having brought the Conference into being, declined to make the concessions which could have rescued the Conference from failure. She wanted

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large guns in large cruisers, and on the question of large guns the final breakdown occurred. There were, of course, other difficulties regarding which criticism must be directed elsewhere, but without reopening recent controversies I must affirm my personal conviction that it was within America's power, not less than it was within Great Britain's power, to have carried away from Geneva an agreement entirely honorable and in no way disadvantageous to herself.

What, the critic asks, has become of the traditional idealism of Americans? Has wealth submerged it? Was it never more than words? Will America offer only counsel and not collaboration, and, if that be so, must we see in it one more result of the general devitalization of national purpose consequent on the war?

It will not, I believe, be made ground of offence if an English writer brings thus before American readers some of the more relevant criticisms of American policy emerging almost daily from the conversation of commentators in Europe not always ill-informed. I have no desire to attempt to estimate the justice of the comments. If they are wholly without basis, then it is matter for congratulation that one country at least is free from a general disease with which the whole world seemed afflicted. But no American, I am certain, would claim that his country has wholly escaped the contagion. To recognize this world-wide evil is not to despair of a remedy. No doubt the disease must run its course and time be an ingredient in its cure. But that does not mean leaving Nature to do her work unassisted. It is the business of statesmanship in all countries in Europe, in America, and in Asia, to take hold of the situation and shape the destiny of a world that otherwise would only drift.

The disease may be spiritual and moral, and so it largely is. To that extent a more real religion and a more consistent observance of moral standards will do much to set the wrong right. For the individual that perhaps is the best remedy of all, but in world affairs individuals must act as societies. The instruments of statesmanship are national policies, and it is one result of the inertia which is part of the moral disease of the world that the approach to such problems as disarmament and arbitration has hitherto been so nerveless. The will, it is true, is not completely lacking. Many nations are anxious to do something so long as there is no danger of their being asked to go beyond the modest limits they have set themselves. Britain will disarm, France will

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disarm, every country will disarm, so far as is consistent with security. And security perpetually vanishes because every nation arms to make itself secure and its rivals arm more to make themselves securer.

Only one policy has been framed which gives hope of any practical result. War between individual States must be banished from the world, as America is foremost in demanding, but it can be banished in one way only. To take the place of war there must be a system of arbitration, effective, comprehensive, inspiring confidence. That policy involves definite undertakings by individual States. They must be willing to accept an arbitral decision in all cases instead of a decision by war. Only if a nation knows that the State with which it is in controversy has already given a binding pledge to that effect will it relinquish the idea of gaining its ends by war. And only if the small State knows that it is sure of the execution of a judgment in its favor even against a great one, just as a poor man in a civilized State is sure of the execution of a judgment in his favor even against a millionaire, will those States or any others be willing to trust themselves to a system which banishes the possibility of war from the world, — except indeed that form of war, if war it can properly be called, which consists of common action by the States of the world in an ultimate emergency to restrain any single State endeavoring to thwart the agreed processes of law by a sudden and treacherous appeal to force.

Realization of that policy would mean the substitution of law for war — not in words, but in solid reality. To attain such an end would be a great moral achievement for the world. But like other great ends it is not to be attained without sacrifice. No nation unwilling to accept the responsibilities of cöoperation, whether that reluctance be described in formulas about entangling alliances or not, can contribute to the establishment of a moral order consonant with the highest ideals of the most trusted leaders in every country, in America at least as much as anywhere. America's decision in such a matter must, of course, be America's alone.

If her traditions, her geographical position, her mentality, compel her to confine herself to concerting declarations instead of coöperating in the establishment, and if need be the defence, of a world system in which war shall be quite absent, and armaments almost so, then the rest of the world must go that road as best it

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may without her. But while Europeans cast no shadow of doubt on the sincerity of America's ideals or the nobility of her professions, they frankly find it hard to comprehend her reluctance to back her beliefs. The nations of Europe today are striving, haltingly and uncertainly it may be, to build up a new world-order essentially moral in basis and in purpose, resting, as national order rests, on the substitution of pacific for violent settlements of disputes, with the writ of the Court guaranteed by the common will and in the last resort by the common action of the community of States. If Americans today care for the great principle of world-peace and disarmament as Lincoln cared for the principle of the Union, can they for ever resist the conclusion, forced remorselessly on Lincoln, that an order based on a common contract must be defended in emergencies by other means than affirmations of belief in it, however eloquent?

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THE "PRIORITY QUESTION"

By Roland W. Boyden

UNDER the Dawes Plan Germany pays her reparation annuity to the Transfer Committee in the form of German marks. The Committee, representing the Allies, uses some of these marks to buy goods in Germany for the Allies. With the remainder of the marks, the Committee buys foreign exchange for the Allies. In buying this exchange the Committee comes in competition with other demands for foreign exchange. Are the Transfer Committee's requirements entitled to priority? Is the service of Germany's foreign loans junior to the reparation demand for foreign exchange?

Public discussion of this question of priority as between Germany's reparation obligations and the service of her foreign loans has over-emphasized its legal side. Granted that reparations have no prior rights, or even granted that reparation claims upon exchange are legally junior to the rights of foreign loans, there remain these questions: How much can Germany as a whole wisely borrow? How much can foreigners safely lend Germany? And what kinds of borrowing and lending are wise and safe? If, on the other hand, we grant that rights of the reparation creditors to secure foreign exchange are legally superior, there remains the more practical question — Is there danger of their exercising this superior right when, if ever, the exchange situation becomes critical?

The last report of the Agent General, Mr. S. Parker Gilbert, published in December, 1927, estimates Germany's outstanding foreign funded loans as close to four billion marks (not including the Reich reparation loan) and her short-term foreign credits as about three and one-half billion marks. Mr. Gilbert points out that public borrowings (state, municipal and commune) comprise much the larger part of the long-time loan. He expresses the opinion that some of these public borrowings have not been helpful either to German economy or to reparations. He thinks also that Germany as a whole has borrowed too fast for its own good and for the good of reparations.

Bankers should and will take account of these opinions because sound lending in any foreign country requires consideration of such points, because they desire to sustain the Dawes Plan and

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its representatives, and also because it is not good business to run counter to Mr. Gilbert's policy. Whatever his technical rights, he has great practical power, as the effect of his utterances has shown.

Emphasis of the legal side has tended to obscure the fact that the exercise of priority, even if the right exists, would in any critical exchange situation destroy what the Transfer Committee was created to preserve. The Transfer Committee was created to protect German exchange and credit. Any exercise of a priority right by it would destroy Germany's credit and put an end to exchange stability and to reparation payments. Mr. Gilbert estimates the deficit in Germany's visible foreign trade balance for the year ending in October, 1927, at about three billion six hundred million marks. Invisible items would probably reduce this deficit somewhat; but the deficit, whatever it is, has been made up and exchange stability maintained by foreign loans or investments. This (changed only in detail) will always be the situation if the priority question becomes a practical question. It is inconceivable that the Transfer Committee would destroy this possibility by exercising priority, even if it has the legal right to do so.

Foreign loans are necessary. The Dawes Plan anticipates them as an aid to reparations. Mr. Gilbert's report shows that he welcomes them, subject to the reservations he makes. He and the Transfer Committee are taking the right course in warning Germany in time that she is going too fast and too far. This is the practical way for them to exercise their rights, whatever they are.

In *L'Europe Nouvelle* of December 24, 1927, a French writer who has no doubt of the Committee's technical right says (the translation is mine):

> "This having been said, we recognize willingly that it is difficult to conceive of an attempt on the part of the Transfer Committee to seize for reparation account foreign exchange destined for the service of a foreign loan, whether public or private, even if the Transfer Committee had not authorized the loan and even if the Committee had not known of it. In this respect we agree with the Schroder Bank. We agree on this point all the more readily because the life of the Dawes Plan is incompatible with such a seizure, which would strike a mortal blow at German credit and the stability of the mark. We admit an estoppel for past errors, if there have been any, and even for future errors if any escape the vigilance of the Transfer Committee. But on one condition, viz.: that Germany keeps within the general line of her contract either by watching over the situation herself, if she only will, or by submitting gracefully to supervision if that finally becomes necessary."

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Nevertheless this priority question, having once been raised, will remain a psychological but very real obstacle in the path of Germany's credit until it is definitely settled, no matter how many lawyers give favorable legal opinions, no matter how improbable it may be that the Transfer Committee will act or try to act foolishly. The Powers interested in reparations, so dependent upon Germany's credit, would be well advised to authorize the Transfer Committee and the Reparation Commission to make a plain declaration that reparations not only will not claim exchange priority but will not even compete for exchange as against foreign loans. This declaration should be made now when the situation is not critical. Otherwise it may come too late to be useful.

The History

The German External Loan of 1924, issued as part of the Dawes Plan, the only external loan of the Reich, was specifically granted priority by the Transfer Committee and the Reparation Commission over all reparation payments and transfers; and is in fact secured by the annuity as well as by the "controlled revenues".

Other German foreign borrowing began a few months later, first with industrial loans, gradually extending to city and communal borrowing, and finally including a series of State loans beginning with the loan of the State of Bremen in September, 1925. None of the State loans, prior to September, 1926, had come to the formal attention of the Transfer Committee. Their prospectuses dealt with the priority question in different ways. Some passed over the problem in silence (Bavaria, Anhalt); others stated that so long as payments were continued under the Dawes Plan "paragraph 248 of the Versailles Treaty does not affect this loan" (Oldenburg). The circular of the State of Hamburg (1926 issue) stated that the enforcement of the charge under Article 248 "is suspended so long as Germany performs its obligations." The circular of the State of Bremen loan (1925) represented that "no restrictions are imposed upon it which would hinder or prevent it from remitting dollars."

The prospectus of the Prussian loan of September, 1926, went farther by publishing a sentence over the signature of the Prussian Minister of Finance which read as follows: "Neither German law nor any international engagements assumed by the German Gov-

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ernment involve any restrictions upon the acquisition by the Free State of Prussia of the foreign exchange requisite to meet the external obligations to be evidenced by these bonds." A similar sentence appeared in the London prospectus of a loan of the State of Hamburg issued a few days later, but was omitted in the New York prospectus of the same issue.

The Transfer Committee seems to have regarded the representation of the Prussian Minister of Finance as a declaration that German States, despite their contingent reparation obligation, might borrow at will, and that repayment of such State loans would have priority over reparation transfers. The Transfer Committee forthwith notified the German Government that it disagreed with the statement of the Prussian Minister and asserted that not only reparation payments in German currency but also the transfer of these payments abroad had priority over the service of the State loan. It is generally understood that the German Government replied that it did not concur in this view.

The correspondence did not become public. The Report of the Agent General of November 30, 1926, however, made a veiled reference to the question, quoting Article 248 of the Treaty and remarking that its terms had not exercised the restraining influence which one would pre-suppose.

Upon the eve of the proposed issue of the second Prussian State loan, about September, 1927, the Agent General notified the bankers that he did not consider that their previous or their proposed prospectus dealt fully with the reparation obligation of Prussia. The 1927 prospectus was modified to meet the view of the Agent General, and as issued stated:

"*Reparation Obligations.* The Dawes Plan and the London Agreements specify the present payments to be made by Germany for account of the Agent General for Reparation Payments; for the year ending August 31, 1928, these payments are fixed at 1,750,000,000 gold marks or their equivalent in German currency and thereafter, normally during the operation of the Plan, at $2,500,000,000 gold marks or their equivalent annually. According to the Dawes Plan the above payments are the definitive act of the German Government in meeting its financial obligations under the Plan. To secure such payments specific German assets and revenues are pledged and certain of the enterprises or properties of the German States will be obligated, in accordance with Reich legislation, to make currently payments to the Reich corresponding more or less in amount to the secured yearly payments imposed under the Dawes Plan on private industries of like character. The Plan provides also that the German Government and the Reichsbank shall undertake to facilitate in every reasonable way within their power the work of the Transfer Committee

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in making transfers of funds, including such steps as will aid in the control of foreign exchange.

"The first paragraph of Article 248 of the Treaty of Versailles, provides as follows: 'Subject to such exceptions as the Reparation Commission may approve, a first charge upon all the assets and revenues of the German Empire and its constituent States shall be the cost of reparation and all other costs arising under the present Treaty or any treaties or agreements supplementary thereto or under arrangements concluded between Germany and the Allied and Associated Powers during the Armistice or its extensions.'

"No application for an exception under the above Article has been made in the case of this loan."

The negotiations regarding this prospectus became public property and precipitated the public discussion. In Great Britain the discussion became particularly active in view of a statement issued by J. Henry Schroder & Co. that, "Under the Dawes Plan the order of priority for the purchase of foreign currencies in Germany is as follows: 1. The service of the 7% (Dawes) Loan. 2. The service of all Loans and Advances in foreign currencies made to States, Municipalities and other borrowers including of course all industrial issues and private advances. 3. Reparation payments."

The Transfer Committee has made no statement affecting loans other than Reich and State loans, although issuing bankers have endeavored at times to secure assurances with respect to the relationship between reparation transfers and such other external loans. The Committee has hitherto replied that it was not in a position "to give any assurances whatever" and has referred inquirers to the Dawes Plan and the Treaty of Versailles.

Article 248 of the Treaty of Versailles

The purely legal problem depends on the interpretation of the first paragraph of Article 248 of the Treaty and the pertinent portions of the Dawes Report. The first paragraph of Article 248 reads:

"Subject to such exceptions as the Reparation Commission may approve, a first charge upon all the assets and revenues of the German Empire and its constituent States shall be the cost of reparation and all other costs arising under the present Treaty or any treaties or agreements supplementary thereto or under arrangements concluded between Germany and the Allied and Associated Powers during the Armistice or its extensions."

Note first that this language is limited to the assets and revenues of the German Reich and of the eighteen German

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States. It does not extend, nor has it in practice been claimed to extend, to the assets and revenues of cities, provinces, communes, public utilities, industrial corporations or private individuals. Also that the security, whatever it is, is for "costs," that is, for financial obligations, not for obligations in general.

What does "first charge" mean? Nobody doubts that the language gives the Reparation Commission priority rights in assets and revenue of the Reich and its States — if Germany defaults in payment of its financial obligation as fixed by the Dawes Plan. But this gives no ground for anxiety; no one expects Germany to default. In fact the Dawes annuities, payable in marks, not in foreign currency, seem amply secured by assets and revenues specifically pledged. The real concrete question for the purpose of the present discussion is, can the Reparation Commission avail itself of this "first charge" if Germany is not in default in paying the "costs" described in Article 248 itself? The answer is naturally in the negative. The Commission has a "first charge" to secure payments; when the payments are made, no excuse exists for exercising the "first charge." Under the Dawes Plan the "cost of reparation" is a certain number of marks. When these marks are paid to the Reichsbank for account of the Transfer Committee, the obligation is fully performed. The Dawes Plan says that this payment shall constitute "the definite act of the German Government in meeting its *financial* obligations under the Plan."

The opposite point of view is that Article 248 gives the Reparation Commission rights in the assets and revenues of the Reich and its States at all times, regardless of default in payments. This claim, however, seems to be negatived by the correspondence prior to the execution of the Treaty. The German Peace Delegation, with particular reference to Article 248, pointed out (May 29, 1919) that the Treaty provisions involved a virtual abdication of the German Government in favor of the Reparation Commission:

> "The Commission will possess in Germany incomparably greater rights than the German Empire ever possessed. . . . Set aside the right to dispose of the revenues of the State and the parliamentary system vanishes. The budgetary powers of the Reichstag become a sham." The provision implied "a complete financial control over Germany by the Allies and a complete empire over the imperial budget."

The Allied and Associated Powers replied (June 16, 1919):

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"The German Delegation have greatly misinterpreted the Reparation proposals of the Treaty. . . . They do not provide for that interference with the internal life of Germany by the Reparation Commission which is alleged. They are designed to make the payment of that reparation which Germany must pay as easy and convenient to both parties as possible and they will be interpreted in that sense."

With specific reference to Article 248, it was added,

"Within the Empire the Allied and Associated Powers have claimed a charge only on the property and resources of the Empire and the German States. Their right in this regard, resulting from the financial clauses, has been limited as far as possible and an effort has been made to avoid giving it any vexatious character."

The view that the charge exists at all times regardless of default is also inconsistent on the whole with the practice of the Allies since the Treaty went into effect, though there have been occasional instances where this theory has been asserted.

The natural and reasonable interpretation of Article 248 is that it constitutes what is known as a "floating charge," available in case of default, but not otherwise. If the Treaty had meant something stronger than this, provision would necessarily have been made for machinery to carry the intention into effect. The Reparation Commission would have been practically a receiver for Germany and its States. Their budgets would have needed the express approval of the Commission, in fact they could have performed no financial act without express release from the "charge." It was this narrow interpretation which the German Peace Delegation feared, and the language of the Allied reply, with its emphasis on the "misinterpretation" by the Peace Delegation, its denial of intention to interfere with the internal life of Germany, its promise of liberal interpretation, relieved their fear, and confirms the natural and reasonable interpretation.

The Transfer Committee's statement of its position with respect to the Prussian Loan prospectus is quoted in Mr. Gilbert's Report of December 10, 1927 (p. 101):

"The Transfer Committee finds itself unable to accept this statement, and feels that in the absence of an express exception under Article 248 of the Treaty of Versailles this statement cannot properly be made, when any loan of the Reich or any of the Federal States is concerned, unless qualified by reference to the priority of reparation payments and transfers. In view of the secondary character of the external loan of the State of Prussia, as regards both reparation payments and reparation transfers, and in view also of the relatively large share of the annual budget of the State of Prussia which is financed by transfers

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of revenue from the German Reich, the Transfer Committee considers that the service of the Prussian external loan must necessarily be regarded as secondary to the obligations in respect to the transfer of reparation payments which the German Government has assumed by virtue of the Experts' Plan and the London Agreements."

The secondary character of a State loan under Article 248, with respect to payment when and if reparation payments are in default, is obvious and needs no comment, but its asserted secondary character with respect to transfers which take place when the reparation obligation is not in default is the reverse of obvious. The Transfer Committee derives this thought by combining Article 248 (in itself insufficient) with the provision of Annex 6 of the Dawes Plan that the German Government shall facilitate "in every reasonable way" the work of the Transfer Committee in making transfers of funds, including such steps "as will aid in the control of foreign exchange." (In the French text, "as will aid in the maintenance of exchange stability.")

Pertinent Provisions of the Dawes Report

The claim of the Transfer Committee snatches the provision of Annex 6 out of its proper setting, and combines it with Article 248, with which it has no real relation. The Dawes Committee had no intention of re-enforcing Article 248. Instead of trying to tie Germany more tightly, they tried to give her more freedom. Their plan is "strictly dependent upon the restoration of Germany's economic sovereignty" (p. 38)[1]. "We do not hesitate to reject as undesirable, for the purpose which all have in view, save in certain extreme events, any system which would involve directly or indirectly the virtual control of all Germany's revenues and expenditure" (p. 33). "The use of this safeguard of general budgetary control should be reserved for the case of Germany's wilful failure to meet the obligations now laid upon her" (p. 33).

The provision requiring the German Government "to facilitate in every reasonable way the work of the Transfer Committee (which has no rights under Article 248) in making transfers" appears in proper perspective only when read in conjunction with the many expressions and provisions of the Dawes Report and Plan which grouped together show that one important aim of the

[1]Page references are to "The Experts' Plan for Reparation Payments," published by the Reparation Commission, October 1926.

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Plan was to make possible and to encourage foreign credits to Germany. The Committee considered foreign credits essential to Germany's economic and financial rehabilitation, to the stability of her currency and to the payment of reparations. These foreign credits, like the Transfer Committee, are part of the Plan, and Annex 6, instead of being related to Article 248 is closely related to them.

The Dawes experts were appointed "to consider the means of balancing the budget and the measures to be taken to stabilize the currency" of Germany (p. 10). This "implies the restoration of Germany's credit, both externally and internally" (p. 11). The recommendations will secure "to German economy those credits in stable value which are essential to its reinvigoration and to the payment of reparation" (p. 15).

"More important still is the fact that the success of our proposals to attain financial stabilization depends essentially upon the return of confidence. Without this the return of German capital invested abroad, the attraction of foreign capital for the purposes mentioned in the scheme and of foreign credits for the current conduct of business, and even the proper collection of taxes, will alike be impossible" (p. 16).

"Obviously, the first loan (German External Loan 1924) should be fully secured, but it is equally true that it is neither in the interest of a first loan nor of the Reparation Commission to create a situation which would prejudice the flotation of subsequent German loans. . . ." (p. 36).

The Dawes Plan makes a sharp distinction between "first, the amount of revenue which Germany can raise available for reparation account, and, second, the amount which can be transferred." The second "cannot, in the long run, exceed the sums which the balance of payments makes it possible to transfer" (p. 19). "We propose safeguards against such transfers of these mark payments into foreign exchange as would destroy stabilization and thereby endanger future reparation" (p. 20).

Payment of the fixed annuities in marks is "the definite act of the German Government in meeting its financial obligations under the Plan" (p. 31). "The use and withdrawal of the moneys so deposited will be controlled by a Committee" (p. 31) and funds "are only to be withdrawable by the creditor nations under conditions and safeguards which will adequately protect the German exchange market and the interests of the creditor nations and the

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German economy" (p. 14). The Committee will "so act as to secure the maximum transfers without bringing about instability of the currency" (p. 32).

"Experience, and experience alone, can show what transfers into foreign currencies can in practice be made" (p. 21).

The power and duty of the Committee to utilize the marks paid by Germany for payments to the Allies are "to be exercised to the extent to which in the judgment of the Committee, the foreign exchange market will permit, *without threatening the stability of the German currency*" (Annex 6, p. 104), and the German Government and the Bank undertake "to facilitate in every reasonable way within their power the work of the Committee in making transfers of funds, *including such steps as will aid in the control of foreign exchange*" (Annex 6, p. 104). In the French text the last phrase is not the same as in the English text, but means "including such steps as will aid in the maintenance of exchange stability."

The Dawes Plan itself nowhere states, in express terms, whether reparation transfers have priority, or are on equal terms with or are subordinated to other transfers. The general implication of the foregoing quotations is that the reparation transfers of Germany are to be superimposed upon normal business transactions, and this implication combined with the fact that no reparation transfers may be made which affect the stability of the currency has convinced some authorities that reparation transfers must as a matter of legal interpretation cease first in the event of exchange difficulties. The argument seems to the writer much stronger than the opposite argument for legal priority for reparation transfers, but I venture to express the opinion that the authors of the Dawes Plan had no intention of conferring a legal priority in exchange on anybody, and that their Plan cannot fairly be interpreted as conferring such priority.

It should be noted that the Transfer Committee was not given any general control of German exchange, nor power to restrict the purchase or use of foreign exchange by Germany or by Germans. It can secure priority of transfer only through the German Government whose legal obligation is merely to facilitate "in every reasonable way." Germany has the right to exercise judgment in good faith as to reasonableness and it is the obvious fact that no request or order for transfer priority in a critical exchange situation would be "reasonable."

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The legal position even as to State loans seems sound, but as four-fifths of the loans to Germany issued in the United States have been loans other than State loans, it is important to emphasize that neither the Transfer Committee nor any other reparation authority has ever asserted priority with respect to such other loans or any right to interfere with their service, though the Transfer Committee has declined to give assurances the other way. But the fact that the claim has not even been asserted is significant in view of the fact that the Transfer Committee has asserted and reasserted its claim as to priorities in connection with State loans.

It is also important to note that the argument for transfer priority of reparations over State loans, resting as it does on Article 248 combined with Annex 6 of the Dawes Report, is not applicable even by analogy to loans other than State loans, for Article 248 is limited to the assets and revenues of the Reich and its constituent States. As regards these other loans the claim, if it should ever be made, would have to rest solely on the sweet reasonableness of Annex 6.

Conclusion

So much for the legal situation which I have been asked to discuss for the readers of FOREIGN AFFAIRS. I repeat that in this matter the legal technicalities are really unimportant. The fundamental safeguard is the fact that it would be financial folly for anyone to place obstacles in the way of providing exchange for the service of any of these foreign loans. Reparation payments are dependent on Germany's credit. Germany's credit is bound up with them, and any failure to meet them would destroy that credit. It took five years after the Armistice to drive this lesson home and make the Dawes Plan and reparation payments a reality. It is inconceivable that any government or agency interested in reparations should ever need to learn that particular lesson again.

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MANCHURIA: THE CRUX OF CHINO-JAPANESE RELATIONS

By K. K. Kawakami

IN presenting an unbiased picture of Japan's attitude towards China certain general conclusions may be set forth at the beginning. First, Japan has definitely renounced aggressive or imperialistic designs such as were apparent in her attitude between, say, 1915 and 1919. Secondly, whether her government be conservative or liberal, there is a certain limit beyond which she will not go in relinquishing her rights and interests in China; in determining that limit she will always be guided by her sense of self-preservation, born of overpopulation and her lack of natural resources, and intensified by her past experiences with neighbors who sometimes have concocted what seemed sinister designs against her. Thirdly, Japan is not unsympathetic, much less antipathetic, towards China's nationalistic aspirations, but she insists that China's foreign treaties, however unilateral or unfair, must not be repudiated in a Bolshevist fashion but must be revised through due process of diplomacy. These, quite apart from the writer's personal sentiments and prejudices, seem to be the essential features of Japan's present policy towards China.

The turning point in Japan's course was the Washington Conference of 1921–22, where her acts during the preceding decade were scrutinized under the most critical eyes alike of friends and enemies. Indeed it may be frankly admitted that one of the main objects of the Conference was to curb Japan's activities and influence in China. Not that those activities were unprecedented or unparalleled in the game of international politics, but rather because she had brought down upon herself the enmity of the world by making hay while the sun shone only on her part of the planet. At any rate, she faced the music with what grace and dignity she could, and she made up her mind then and there to set her Chinese policy upon a new basis. Her alliance with England was dissolved, her troops were withdrawn from Siberia and from China, the interests she had acquired in Shantung were surrendered in China's favor, "Group V" of the so-called "Twenty-one Demands" of 1915 was unequivocally renounced, she liberalized her rule in Korea, and she gave up certain preferential rights in regard to Manchuria. In short, she surrendered all she

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could without jeopardizing what she considered essential to her own national security.

To be frank, these renunciations were made rather reluctantly. The Washington Conference and its accomplishments were not popular with the Japanese, some of whom looked upon them as a deliberate scheme to persecute their country. But the Japanese leaders accepted the inevitable ungrudgingly, and at once set to work to readjust Japan's position in meticulous observance of the agreements made at Washington. Soon after the Conference Admiral Baron Kato, who had headed the Japanese delegation at that historic parley, was chosen Premier as the man best able to carry into effect the spirit and letter of the Washington treaties. He proved himself equal to the task. Admiral Kato's Cabinet was followed by the Yamamoto and the Kiyoura Cabinets, both "stop-gap" and short-lived. Then came Count Takaakira Kato's Cabinet; it lasted three years, during which Baron Kijuro Shidehara (who had played an important rôle at the Washington Conference) directed Japan's foreign relations. Shidehara's foreign policy was characterized by moderation and friendliness, especially in regard to China, and whatever may have been its shortcomings in other fields it was in no small degree instrumental in reëstablishing Japan in the confidence of the world and giving her again a place in Chinese friendship.

Today, six years after the Washington Conference, few Japanese question the benefit it has conferred upon their country. Suppose that it had not terminated the Anglo-Japanese Alliance, that it had permitted Japan to remain in Shantung, that it had not led to her troops being withdrawn from Siberia — what would have been her international position today? Surely she would have been made to bear the brunt of China's vitriolic anti-foreign agitation, and she would have had no end of trouble with Soviet Russia. In Europe and America, moreover, she would have been looked upon with suspicion and enmity. After all has been said and done, therefore, the policy of moderation followed by Admiral Baron Kato's Cabinet in the wake of the Washington Conference, and accentuated by Baron Shidehara in Count Kato's Cabinet, has served a useful purpose. But for the growing chaos and anti-foreign violence in China that policy would never have been seriously criticised in Japan, even by the Opposition.

Unfortunately, conditions in China, especially since 1925, have been such as to cause doubt and misgiving on the part of the out-

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side world. Japan, with enormous investments and great industrial enterprises in China, and more and more dependent upon that country for food and mineral supplies, has been particularly anxious. When in March, 1927, a Nationalist or Communist Chinese general committed an outrage against the British, American and Japanese Consulates and residents in Nanking, many a Japanese became skeptical as to the wisdom of continuing indefinitely the policy of friendliness which had been pursued by Shidehara. The Opposition, the Seiyu-Kai party, seized upon the incident and assaulted with redoubled energy what it had dubbed the "weak-kneed" diplomacy of the Cabinet. It had coined the appealing catchword of a "positive policy" — a positive policy both for domestic affairs and for the Chinese situation. The rank and file of the people, not knowing what Baron Shidehara and his policy of tolerance were driving at, were inclined to lend ear to this professedly new policy. And yet the Cabinet might have weathered the storm had it not been for the embarrassment caused by the financial crisis which had come to a head after a protracted period of depression following the post-war slump and the earthquake disaster of 1923.

It is a matter for speculation how much longer Baron Shidehara would have followed his policy of friendliness if he had remained at the Foreign Office. Many believe that even to him the Nanking outrage was the last straw, and that he would have been forced to take the necessary measures to forestall the possible repetition of similar incidents at Tsinan and Tsingtao. As a matter of fact, he had already established a precedent for such action when in December, 1925, he dispatched troops to Mukden and its vicinity in order to protect the South Manchuria Railway and the Japanese residents in the railway zone against the military upheaval caused there by General Kuo Sung-ling's revolt against Chang Tso-lin, war lord of Manchuria. When Japan's vital interests in China are seriously threatened even a liberal cabinet cannot sit with folded arms. Rightly or wrongly, the Japanese, with the exception of a small minority, are agreed that those interests, especially in Manchuria, cannot safely be relinquished. If those interests can be preserved in a friendly way, well and good, but if friendly policy fails to protect them, some other means must be devised. That, in brief, is the prevailing sentiment. No Cabinet which ignores this sentiment can long withstand public pressure.

True, the cabinet change of April, 1927, was primarily caused

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by the Government's alleged mismanagement of national finances. But it is also true that the public had become uneasy about Baron Shidehara's Chinese policy of "watchful waiting." As soon as the Seiyu-Kai, led by Baron Tanaka, assumed the reins of government, the new Cabinet summoned the Japanese Minister and Japanese Consuls in China for a conference on the Chinese situation. At its end Premier Tanaka summarized its findings as follows:

"1. The stabilization of the present chaotic political situation in China and the restoration of public safety should be attained by the Chinese themselves, not by foreign Powers nor with their help. The Japanese Government, therefore, thinks it the part of wisdom not to interfere in the Chinese civil war or in the domestic political quarrels in China. Japan should also respect public opinion in China.

"2. The Japanese Government will coöperate with other Powers to meet the reasonable demands advanced by such of the Chinese people as entertain moderate ideas in regard to China's rehabilitation. Japan has genuine sympathy for China, and earnestly hopes that she will make a steady economic development. Japan, in conjunction with other Powers, will coöperate with China to this end.

"3. The realization of the above desiderata depends upon the establishment of a strong central government. This cannot be expected for the time being in view of the prevailing chaos. Japan, therefore, will wait for the formation of a moderate cabinet by the coördination of moderate factions in the various provinces.

"4. Japan's policy as above outlined will remain the same whether the possible new central government of China be organized by the coalition of the Northerners and the Southerners, or by factions of a certain local origin. In the event of the appearance of such a central government, Japan, with other Powers, will support it, whether it be located in the North or in the South.

"5. Agitators and unruly elements, taking advantage of the present chaos, have been actively engaged in causing trouble. Japan will rely upon China's own efforts to control these elements. But should Japanese lives and property in China be endangered, Japan might be forced to take the necessary measures for their protection.

"6. Peace and order in Manchuria and Mongolia have a vital bearing upon Japan's national existence and national defense. The Japanese Government, therefore, feels itself responsible for the maintenance of peace in these regions not only in view of Japan's special position there, but also in the interest of China herself."

The policy of non-interference enunciated in the above conclusions is nothing but a reiteration of the policy Japan has followed in China since about 1920. Certainly it makes no departure from Shidehara's policy. But it is in regard to Manchuria and Eastern Mongolia that Premier Tanaka's statement claims our

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particular attention. Conditions in those regions, he says, "have a vital bearing upon Japan's national existence and national defense," and therefore, Japan "feels herself responsible for the maintenance of peace and order there." Evidently Premier Tanaka, viewing the complexity of Chinese politics, is resigned to let China proper stew in its own juice, but he declares he cannot sit quiet under the impending danger of having the civil war spread into Manchuria and Eastern Mongolia, for it is there that Japan turns for essential raw materials, and that she has many enterprises involving great investments.

Perhaps a concrete demonstration of Japan's Manchurian policy, especially as followed by the Tanaka Cabinet, may be seen in the parley which has been going on between Tokyo and Peking since last August. In this parley Japan is not trying to obtain any new privileges, except permission to open a consulate at Morshan (Linkiang) on the Manchurian side of the Yalu River. This consulate question is not as important as either the leasing or the railway question. As for the other rights, they were conceded to Japan many years ago, some as far back as 1905, but upon one excuse or another China has either ignored or violated them. The most important are those relating to the railways, the efficient operation of which is essential to Japan's food supply and her industrial existence.

First, then, let us consider the South Manchuria Railway, which overshadows in importance all other Japanese enterprises in Manchuria. In December, 1905, the Chinese Government, in a protocol annexed to a convention, signed the following agreement:

> "The Chinese Government engage, for the purpose of protecting the interests of the South Manchuria Railway, not to construct, prior to the recovery by them of the said railway, any branch line in the neighborhood of and parallel to that railway, or any branch line which would be prejudicial to the interests of the above-mentioned railway."

The protocol was called "secret" by Western writers as it did not appear in the Japanese Government's official Book of Treaties. However, authoritative foreign publications contained it, while the Japanese Government itself frequently referred to it. The above restrictive provision had its first test in the Hsinmintun-Fakumen railway project broached in 1907 by the Chinese Government and a British firm named Pauling and Company. On that question the London *Times* commented significantly:

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"Japan's right to veto the construction of a competitive line cannot be disputed either by China, who signed the protocol of December, 1905, or by Great Britain, to whom the protocol was communicated without her raising objections. . . . There is little doubt that one of China's objects in handling the Man-

THE MANCHURIAN RAILWAY SYSTEM

The Chinese Eastern Railway runs from Manchuli to Pokranichnaya (Suifenho), and also includes the branch line from Harbin to Changchun.

churian question has been and is to create friction between Japan and other Powers. By giving to the British the contract of the Fakumen railway after having been informed that Japan would regard the scheme as a violation of the protocol of 1905, China doubtless hoped to embroil Great Britain with Japan."

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Thus the Fakumen project was abandoned. During the past year or two China, or rather Chang Tso-lin's Government at Mukden, has been building "parallel" lines to the South Manchuria Railway on a much greater scale than was projected in 1907. One of these lines is to connect Mukden and Kirin via Hailungcheng, and the other Takushan and Taonanfu via Paintala. Both, in spite of Japan's repeated protests, have been more than half constructed. Now the important question is whether Japan's right to veto such projects is unreasonable. It certainly was not unreasonable when it was obtained in 1905. Japan had fought China's battle as much as her own. Had she not accepted the Russian challenge it was plain that the whole of Manchuria and even north China would have become Russian territory. Nor should it be forgotten that China had secretly contracted with Russia an offensive and defensive alliance, and thus extended clandestine assistance to the Muscovite with whom Japan was engaged in a struggle that cost her 100,000 lives and a billion dollars. Had the nature of the Chino-Russian secret alliance been fully known Japan might have been justified in demanding from China more substantial rights than she actually did. This secret treaty had never officially been divulged until China was forced to bring it out at the Washington Conference. The telegraphic summary of the document, as submitted to the Conference by the Chinese delegation, was as follows:

"Article I. The High Contracting Parties engage to support each other reciprocally, by all land and sea forces, at any aggression directed by Japan against Russian territory in Eastern Asia, China or Korea.

"Article II. No treaty of peace with an adverse party shall be concluded by either of them without the consent of the other.

"Article III. During military operations all Chinese ports shall be open to Russian vessels.

"Article IV. The Chinese Government consents to the construction of a railway across the provinces of Amur and Kirin in the direction of Vladivostok. The construction and exploitation of this railway shall be accorded to the Russo-Chinese Bank. The contract shall be concluded between the Chinese Minister at St. Petersburg and the Russo-Chinese Bank.

"Article V. In time of war Russia shall have free use of the railway for the transport and provisioning of her troops. In time of peace Russia shall have the same right for the transit of her troops and provisions."

In securing a right to veto the construction of lines parallel to the South Manchuria Railway, Japan simply emulated examples set by other Powers. Long before the Chino-Japanese convention

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of 1905 the Western nations interested in railway enterprise in China had imposed much the same obligation upon the Chinese Government. I shall cite only one example — that of the American-China Development Company, organized by American financiers for building a railway from Hankow to Canton. Its agreement with the Chinese Government in 1900 provides that, "Without the express consent in writing of the Director-General and the American Company, no other rival railway detrimental to the business of the same is to be permitted, and no parallel roads to the injury of the latter's interest, within the area served by the Canton-Hankow main line or branch lines."

Apart from the legal aspect of the question, is it wise for Japan to exercise the veto? Times have changed. The South Manchuria Railway has become a firmly established, efficiently administered, highly profitable institution. With Chinese migrating into Manchuria in increasing numbers, with the country's natural resources developed rapidly, is it not possible that new railways, by whomever built, will redound to the mutual benefit of the existing Japanese and Chinese systems? This point seems to be recognized by the South Manchuria Railway itself. Mr. Yosuke Matsuoka, Vice-President of the Company, made a statement a year ago to the following effect:

> "The development of Manchuria and the increase of its products are going on at such a pace that the apprehension that bitter competition will occur between the Russian, the Japanese and the Chinese railway interests will be found without grounds. With the country developing at this rate, its railways, both existing and under construction, will have all the traffic they can handle. . . . The Japanese Government and the South Manchuria Railway, in dealing with the question of parallel railways, are concerned mainly with the principle that existing treaties and agreements, as long as they are binding, must be observed. Once this point is recognized, the question of constructing projected Chinese railways will be comparatively easy to settle."

The point at issue, then, is not whether China shall or shall not be permitted to build parallel lines, but whether she shall recognize the 1905 agreement. If she recognizes it and consults Japan in a friendly spirit before embarking upon the construction of such lines, Japan will respond in a like spirit.

Another important Manchurian railway question which Japan is now endeavoring to solve is the building of a line which will connect Kirin, the capital of a province bearing the same name, with Kainei (called Huining by the Chinese) on the Korean side

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of the border line. In September, 1909, Japan concluded a convention with China whereby the latter agreed to the construction of that line with the South Manchurian Railway as contractor. The railway so far extends to Tunhua on the way to the Korean border. What Japan is asking is merely the extension of the railway another hundred miles or so, so that it can effect a junction with the Japanese railway leading to the Korean port of Seishin (or Rashin as a second choice), the nearest outlet for Kirin province and the adjacent interior regions of Manchuria. Japan is eager to complete this system in order to secure access to the agricultural, mineral and timber resources of those regions. In an effort to solve their population problem by industrializing their country, the Japanese are developing, gradually but steadily, a network of land and sea communication to the hinterland of the Asian Continent where they may find the essential materials of modern industry.

Manchuria to-day has about 2,900 miles of railways in operation. Of this total China and Russia own 1,100 miles each, while Japan owns 700 miles. Although the Chinese railways total a greater mileage than the Japanese, much of the mileage consists of the lines financed by foreign, especially Japanese, capital. The line between Mukden and Shanhaikwan, with a few short branches — in all 300 miles — was built with British capital. The lines financed by the South Manchuria Railway or by Japanese banks are these: Supingkai-Taonanfu, 182 miles; Taonanfu-Anganchi (Tsitsihar), 141 miles; Chengchiatun-Paintala, 83 miles; Kirin-Changchun, 79 miles. The lines built by the Chinese with Chinese capital are: Mukden-Hailung, 152 miles; Takushan-Paintala, 156 miles; Hulan-Suihua, 50 miles. It is highly problematical whether railways under absolute Chinese control will prove a paying business. They may be a convenient means for transporting soldiers in continuous civil wars, but transporting soldiers merely swells the debit of the railways. The Peking-Suiyuan line, the only all-Chinese railway in China proper, has been reduced almost to chaos. Even in the case of the railways built with foreign capital the safeguards and supervision provided in the agreements with the Chinese Government have practically been nullified by the most arbitrary seizures and requisitions ordered by military chieftains. The Shanghai-Nanking, the Tientsin-Pukow, the Peking-Hankow, the Peking-Mukden lines — in fact all the foreign (mostly British) financed railways are in

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the same predicament. On some railways the soldiers have destroyed freight cars for fuel, on others troops and bandits have picked the dog-spikes out of the sleepers. Even the ties are rotting, and no repairs are being made. The militarists are vying with one another in seizing the railway receipts, which should be set aside for the service of the loans with which the railways were built. If this condition is not altered, the entire railway system of China will collapse, and collapse soon.

Now the question is whether Japan will ever permit the Japanese-financed but Chinese-owned railways to fall into the same deplorable condition. The answer is better understood than said. Perhaps the question is unnecessary, for even the Chinese chieftains, respecting Japan's position, would not dare tamper with such railways. The stabilizing influence of the South Manchuria Railway will also serve to forestall the inroads of disorder and disturbance. The more pertinent question is whether these Chinese-owned railways will prove a profitable or even paying enterprise. If one may take the Kirin-Changchun line as an example, one cannot be optimistic as to the prospects of these railways. This particular line was constructed some twenty years ago, the building cost being borne equally by the Chinese Government and the South Manchuria Railway. At first it was managed and operated by Chinese, but its loss was so great that in 1917 the Government entrusted its management to the South Manchuria Railway. Since then the road has been making a fair profit.

Coming back to the negotiations now in process between Peking and Tokyo, it is wide of the mark to say that the object of these negotiations is to put into effect the agreements resulting from the famous "Twenty-one Demands" of 1915. The only right which Japan is now trying to make effective upon the strength of those agreements is the right of leasing land in South Manchuria for commercial and residential purposes. Japan sees in the yet undeveloped lands of Manchuria and Inner Mongolia a potential source of food supply for her growing millions. In asking the privilege of leasing agricultural lands there, however, Japan asks nothing exclusive to herself. Once it is granted to the Japanese, other nationals, by virtue of the most-favored-nation clause found in most of China's foreign treaties, will automatically enjoy the same privilege. Nor will foreigners alone derive benefit from the fulfilment of the leasing agreement. The Chinese themselves will be equally benefited, for it will be

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Japanese capital, not Japanese labor, which will develop Manchuria's virgin soil, thus opening another vast field of employment for the Chinese who are migrating to this "land of promise" from war-torn Shantung, Chihli and other provinces. In the last year alone this immigration has almost reached a million.

Since the leasing privilege is a result of the "Twenty-one Demands" we may linger a moment on those demands, especially the American Government's attitude toward them. When they were being discussed between Tokyo and Peking, the State Department, after a careful study of the whole matter, informed the Japanese Government that it would raise no objection to sixteen of the twenty-one demands. Of course, it thought nothing of such a minor matter as the leasing provision. It even recognized Japan's right to take over the concessions formerly owned by Germany in Shantung province. The remaining five demands constituted the so-called Group V. These Japan dropped in deference to America, and at the Washington Conference they were again formally renounced by the Japanese delegation. As a consequence the Chino-Japanese treaties of 1915 contained nothing to which the American Government ever raised objection.

As I stated at the outset, Japan's stand in regard to China's existing treaties is that while she looks with sympathy upon China's desire to secure their revision, such revision must be effected not by the Bolshevist method of repudiation, but by due process of diplomacy between a recognized Chinese government and the foreign Powers. Here there is no difference between Shidehara's policy and Tanaka's. An illustration of their common attitude in this respect is their manner of handling the question arising out of China's imposition of taxes and duties not authorized by treaty. Take, for instance, the 2½ percent surtax which was a subject of discussion both at the Washington Conference and at the Special Tariff Conference which opened at Peking in October, 1925. Not only did Japan raise no objection to the levying of this surtax at the Peking Conference, but she went so far as to propose tariff autonomy for China provided China on her part fulfilled certain conditions. At the same time she insisted that this desired change should be brought about only through treaty revision in conformity to the Washington agreement. If the Peking Conference failed to arrive at an agreement it was not due to any fault on the part of the Conference, but because the collapse of the Chinese Government was followed by nation-wide chaos.

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Towards the end of 1926 the southern Nationalists, heartened by the seeming success of their anti-British agitation, began to levy surtaxes in disregard of the existing treaties. Downing Street, momentarily obfuscated by the agitation, proposed that the Powers bow to the inevitable and connive at the illegal imposition of surtaxes without the process of treaty revision. This British concession won neither the respect of the Chinese nor the sympathy of the Powers. The Chinese regarded it as an insincere *volte face*, if not a sign of weakness. At any rate, it was followed by the Nationalist seizure of the British concessions at Hankow and at Kiukiang, and by an increased violence against the British in general. Japan, for one, clearly foresaw what was ahead. She knew that the Powers' connivance at deliberate violation of any treaty by China would lead to a wholesale repudiation of all China's foreign commitments. At the same time she made it plain that she would at any time meet with any accredited Chinese delegation for the purpose of treaty revision. On January 17, 1927, Baron Shidehara, then Foreign Minister in the Kenseikai Cabinet, made this declaration before the Diet:

"We have no objection to levying the surtaxes provided in the Washington Customs Treaty, but we must make reasonably certain that such additional customs revenue shall not be applied directly or indirectly to the purposes of civil war or shall not be appropriated to the private use of any faction.

"Viewed in this light, the early resumption of the deliberations of the tariff conference seems highly desirable for China and the Powers alike, and we wish that responsible men of both North and South be appointed members of the Chinese delegation and that they exchange views frankly."

The present Tanaka Cabinet takes much the same stand. Should Chang Tso-lin, of Peking, and Chiang Kai-shek, of Nanking, bury the hatchet and appoint a common delegation, Japan, with other Powers, would be ready to discuss with them the question of tariff surtaxes and other levies. Meanwhile, Japan is asking Chang Tso-lin to stop, and stop at once, the levying of all illegal duties in his jurisdiction. She is saying that she is willing to negotiate for the revision of such treaties as China thinks inequitable, but that such negotiations can be entered into only when Marshal Chang has put an end to the wilful violation of existing obligations.

In considering Japan's policy towards China, one's thoughts naturally turn to Soviet Russia whose acts and intentions in the Far East have a vital bearing upon both countries. It has been

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frequently said in America and in Europe that "Red" Russia is as much a disturbing element in the Orient as was Tsarist Russia, and that its ambitions and designs are bound to come into collision with Japan's determination to maintain peace and order in that region. In the heyday of Soviet agitation in south China such apprehensions seemed plausible. Baron Tanaka, while leading the Opposition, sounded this warning:

"The 'Red' waves are encroaching on China. This is not the time to regard the troubles there as 'far on the other side of the river.' These disturbances in China have gone beyond the limits of domestic disputes. They are endangering the Far East and threatening the peace of the world."

Tanaka, it will be recalled, was something of a Russophobe in the years immediately after the "Red" revolution of 1917. It was he who, as Minister of the Army in the Hara Cabinet, directed Japan's part of the inter-Allied expedition to Siberia in 1918. Even after the rest of the Allied forces had quit Siberia, the Japanese contingent stayed, in pursuance of Tanaka's policy. When Tanaka became Prime Minister last April it was naturally expected that he would be more or less antagonistic towards the Soviet. His later utterances have belied this expectation. True, in May last, speaking before the House of Representatives, he repeated his warning against Soviet propaganda in China, but he qualified the warning with this significant sentence: "This, however, does not mean that we entertain any apprehension as to the preservation of our friendly relations with Soviet Russia, for we believe that Russia fully understands our position in this respect." On January 21, again speaking before the Diet, Tanaka entirely changed his tone: "Our intercourse with the Union of Soviet Socialist Republics, one of our good neighbors, is growing in amity, and the diverse economic undertakings carried on by our nationals in Russian territory indicate fair progress." Nor is it in words alone that Tanaka has indicated a change of his attitude. He has sent to Russia an "economic mission" headed by F. Kuhara, an enterprising business man, and assisted by Hiroshi Saito, officially still Consul-General in New York. Besides, Viscount Goto, a veteran statesman who has contributed much towards Russo-Japanese *rapprochement*, has lately been in Moscow, presumably with the concurrence of the Premier. All this leads us to the conclusion that Tanaka has experienced a change of heart.

Nor is this surprising. No keen observer can fail to recognize a

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certain community of interest between Russia and Japan in regard to Manchuria. Both have railways and their nationals to protect, Russia in North Manchuria, Japan in South. Soviet Russia has definitely abandoned the idea of relinquishing all the rights and privileges bequeathed by the Tsarist régime in Manchuria but is anxious to regain those which it lost in the wake of the revolution. On the other hand, Chang Tso-lin, actual ruler of Manchuria, is as anxious to seize the joint Chino-Russian Chinese Eastern Railway and to oust "Red" interests from Manchuria. One after another Russian rights have been curbed, and the Soviet is struggling hard to retain its foothold in North Manchuria. It knows that once Japan throws her influence on Chang Tso-lin's side of the scale, its position will become precarious. It is therefore to Russia's advantage that she should show a friendly attitude towards Japan. Japan, on her side, is fully conscious that should Chang Tso-lin succeed in driving Russia from North Manchuria, he would be heartened to try the same policy in regard to Japan's position in South Manchuria. Here, then, is a situation which might conceivably bring Russia and Japan together. Japan, moreover, is anxious to obtain a privilege to develop agriculture in certain parts of Siberia and to enjoy the right of fishery in Russian waters. Of course, her policy would be different if "Red" Russia were bent upon spreading disruptive propaganda in the Far East, as "White" Russia was upon military conquest. Fortunately, Russia's dream of Sovietizing China has experienced a rude awakening, and the Soviet has for the present withdrawn from that field, much to Japan's relief.

This is not to say that there is no railway rivalry between Japan and Russia. Rivalry exists and will always exist, and this for obvious reasons, primarily economic, secondarily strategic. Economically, the greatest agricultural center of Manchuria, actual and potential, is within a radius of a few hundred miles from Harbin, the Russian metropolis and railway center in North Manchuria. As the Russian-owned Chinese Eastern Railway traverses this rich territory, and as the distance from Harbin to Vladivostok is shorter than the distance between Harbin and the Japanese port of Dairen, the Russian railway has an advantage over the Japanese in transporting agricultural products. Under normal conditions the freight originating in the aforesaid region will flow towards Vladivostok rather than towards Dairen. To overcome this handicap the South Manchuria Railway has

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somewhat shortened the main line between Changchun and Dairen by eliminating curves, and has also offered inducements to the shippers by efficient handling of shipments and improved port facilities at Dairen. In addition, an agreement has been made whereby freights gathered in the Harbin region are divided between the South Manchuria Railway and the Chinese Eastern Railway at the ratio of, respectively, 55 and 45 percent. But the agreement is more or less precarious, and once it is discontinued a cut-throat competition will follow. It is largely in anticipation of this competition that the South Manchuria Railway has financed the Chinese-owned line between Supingkai and Anganchi via Chengchiatun and Taonanfu, and is also anxious to build a line from Changchun to Petuna and if possible to a point further north. These lines, it is expected, will have the desired effect of diverting to the Japanese and Chino-Japanese railways much of the freight traffic which would naturally go to Vladivostok over the Russian lines. Whether this expectation will be fulfilled we have yet to see, for the Chinese-owned lines, though financed by Japan, might choose to feed the Russian rather than the Japanese railways, especially if the Russians should offer more alluring terms than the Japanese.

From the strategic view, Japan cannot ignore the fact that Mongolia has already become Russian territory, with its government, its army and its finances controlled by the Soviet. Although Japan has been and means to remain friendly with the Soviet, she undoubtedly feels that she must take a long view, guarding herself against every possible source of danger in the direction of Siberia and Mongolia. The precaution is nothing extraordinary. Japan once had a bitter experience with Tsarist Russia, and she does not wish to repeat it with the Soviet. She will exhaust all the peaceable means at her disposal to adjust her disagreements and disputes; at the same time, she will not neglect to strengthen by all legitimate means her own position *vis-a-vis* the Russian position in North Manchuria and in Mongolia. It is perhaps with this in view that Japan is reported to be quite willing to finance China in extending the Chengchiatun-Taonanfu railway to Solun on the portals of Eastern Inner Mongolia. Meanwhile, Soviet Russia has a number of railways in project in North Manchuria and in Mongolia. These projects, although in abeyance owing to Russia's financial difficulties, are taken into account by the Japanese in making their railway plans. Japan's stand, then, may be summed

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up thus: Promote friendly relations with Russia, but do not neglect the necessary measures of precaution.

To Japan, after all, the Chinese question means mainly the Manchurian question, and the core of the Manchurian question is the railway. In the entire railway system of China, the Japanese-owned and Japanese-operated South Manchuria Railway is the only bright section. When a traveller alights from the Chinese train at Mukden and embarks on the Japanese one, he feels as though he had left behind a benighted country full of horrors, and emerged into a new one animated with the joy of life. The railway expends enormous sums for schools, hospitals, sanitation, and modern public works for the benefit of both the Chinese and the Japanese in the railway zone. Yet it yields handsome profit every year. Largely through its enterprise, the foreign trade of Manchuria has grown from a negligible quantity to 592,000,000 haikwan taels, about $450,000,000 (1926 figure). Before the advent of Japanese enterprise the Manchurians barely eked out a living by taking in each other's washing. Their principal products, beans and millet, had no market outside of Manchuria and a few Chinese ports. Today the export of beans and bean products alone amounts to 170,000,000 haikwan taels, or about $132,600,000 (year ending March 1, 1926). It was a Japanese firm, Mitsui and Company, which in 1911 first introduced the Manchurian bean to Europe as a raw material of lubricating and culinary oil. The Central Laboratory of the South Manchuria Railway has found numerous other uses for the bean, and today the once obscure legume has firmly established itself as an article of world merchandise. This phenomenal growth of Manchuria's agriculture and trade has naturally raised Dairen, the terminal port of the South Manchuria Railway, to a second place among the commercial ports of China. In 1926 Dairen's foreign trade totaled 332,000,000 haikwan taels, or $250,000,000, exceeded only by Shanghai's 972,000,000 taels, or $729,000,000.

Shall this condition of peace and prosperity be replaced by chaos and misery such as has made life unbearable in war-ridden China? It is inconceivable that Japan will permit the factional feuds of China to convert South Manchuria, especially the railway zone, into a harrowing scene of destruction and pillage. This Japanese determination, quite apart from the right or wrong of it, is, in the present unhappy state of affairs in China, inevitable.

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OUR REPUDIATED STATE DEBTS

By Charles P. Howland

EIGHT of the sovereign States of the American Union owe large sums upon their bonds. They refuse to pay those sums, whether the face amount of the bonds or the amounts or benefits received by the States at the time they were issued, or any compromise amount. Many of these bonds, no one knows just how many, are held by British subjects, for at the time of their issue the United States was a borrowing country and many of the large-scale enterprises launched for the exploitation or development of its pioneer opportunities were financed by British capital. These holders have exhausted their efforts to find a remedy; recourse to any court, federal or state, is denied them by our constitutional provisions, and they find themselves baffled by a constitutional mechanism which foreigners cannot understand.

These bondholders ask questions which are not answered.[1] Their case is publicly presented by unofficial spokesmen, in their press and periodicals; candid and disinterested discussion of the case by American writers supports their position.[2] The situation is not an easy one for the American conscience, a conscience which expresses itself copiously on financial matters. That conscience would be relieved and our position with our allied foreign debtors substantially strengthened if we should recognize the position of these bondholders.

The States which have repudiated and still repudiate their financial obligations are Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina and South Carolina. The face amount of debt which they thus avoid paying is about $75,000,000 of principal and about $300,000,000 of interest.

It is not true, as often asserted, that the debts are Civil War obligations, created to carry on "the war between the States" or for other purposes in that period. The Confederate war debts were payable in Confederate money, and passed into the limbo of lost chances with the currency in which they were payable. The debts in question were for the legitimate peace-time purposes of

[1] See the attempts to furnish an answer by a number of governors of the States in question, appended to an article on the subject by Prof. Raymond Turner of Johns Hopkins University, in *Current History* for January, 1926.

[2] See articles by John F. Hume in the *North American Review* for December, 1884, and by Prof. Raymond Turner above cited.

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the States concerned and rested upon the credit of Federal, not of Confederate, States. They were mainly incurred for the support of enterprises — railroads, canals, plank roads, banks, etc. — which it was the policy of the States to foster in the periods of expansion.

Some of them, notably a part of the repudiated bonds of Florida and Mississippi, go back to the eighteen-thirties and were repudiated before 1861. The expansion of the pioneer days was checked by the panic of 1837 and a number of States became virtually bankrupt and repudiated their bond issues. The worst offenders were Pennsylvania, Indiana, Illinois, Michigan, Maryland, Mississippi, Louisiana, and the Territory of Florida. Wordsworth's brother owned some bonds and the poet expressed himself mournfully on the subject. Sydney Smith, who held Pennsylvania bonds, was more lively in a petition to Congress:

> "Your Petitioner lent to the State of Pennsylvania a sum of money, for the purpose of some public improvement. The amount, though small, is to him important, and is a saving from a life income, made with difficulty and privation . . . the fraud is committed in the profound peace of Pennsylvania, by the richest State in the Union, after the wise investment of the borrowed money in roads and canals, of which the repudiators are every day reaping the advantage. It is an act of bad faith which (all its circumstances considered) has no parallel, and no excuse . . . sad is the spectacle to see you rejected by every state in Europe, as a nation with whom no contract can be made, because none will be kept; unstable in the very foundations of social life, deficient in the elements of good faith, men who prefer any load of infamy however great, to any pressure of taxation however light. . . . Your Petitioner sincerely prays that the great and good men still existing among you may, by teaching to the United States the deep disgrace they have incurred in the whole world, restore them to moral health, to that high position which they have lost, and which, for the happiness of mankind, it is so important they should ever maintain; for the United States are now working out the greatest of all political problems, and upon that confederacy the eyes of all thinking men are steadfastly fixed, to see how far the mass of mankind can be trusted with the management of their own affairs, and the establishment of their own happiness."

All of these States except Mississippi and Florida made terms with their creditors and removed their names from the bankruptcy register of history. Perhaps Florida and Mississippi would in time have taken the same course if the war and slave-emancipation had not ruined them.

The balance of these debts was incurred and was repudiated after the Civil War. It was practically all created by the "carpet

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bag" governments of the Southern States, under legislation which aimed at the peace-time necessities or recovery or development of the States formerly Confederate and now received back into the Union. Some of the issues were unquestionably valid, and their proceeds honestly expended: this part is on all fours with the earlier pre-war debts, and is similar to the investments made in Europe after the World War for the economic purposes of states or municipalities within the German Reich. Some of the bonds were well issued, but the proceeds in part spent fraudulently. Some of the issues may have been invalid *ab initio* for want of observance of the requirements prescribed by the States for the incurring of debt, but even in those cases the State may have received a substantial benefit from the issue of the bonds.

The repudiation took place after the Federal troops were withdrawn, the "carpet bag" governments spewed out, and genuine representative government reëstablished. The States were bankrupt in the sense that payment of their huge debts would be painful if not impossible on their existing economic level; nothing was said in that period about "economic recovery," on which so much expectation of German reparations payment is based. They attributed their economic and financial sufferings, severe enough in all conscience without the bitterness of political mortification, to the action of the North in slave emancipation, and to the imposition upon them of governments of officials who wasted their substance and filled their own pockets. This anger of defeat at the victorious section of the country and its measures was intelligible enough; unfortunately it found vent at the cost of innocent persons whom neither South nor North was concerned to protect.[3]

The individual situations are indicated in an appendix. They are of course multiform, and the detailed facts could not be brought within the compass of many volumes. The efforts of the English bondholders to reach the state or federal courts have been vain, their appeals to legislatures for equitable recognition or for some modest settlement have been ignored.

Justice can be done to them by voluntary action of the Federal

[3] The gravamen of a paper on this subject in the *Virginia Quarterly Review* for October, 1927, by J. G. de Roulhac Hamilton, is that the citizens of these States ought not to pay the cost of wasteful and corrupt legislation forced on them by Northern policy and administered by wastrels or rascals not of their own choosing. The paper supports the text of this article as to the responsibility being mainly on the nation rather than on the States; but a decision on that quarrel between the two sections of the country gives no solace to honest creditors.

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Government, which would be the more creditable on the American part in that no proposal on this subject has come from the British Government. The United States can offer to Great Britain to receive on account of the principal of its debt such bonds of the eight states mentioned as might be found valid, at their face and unpaid interest, under a stipulation that we should receive only such bonds as were owned by British citizens prior to the British debt settlement; it would be open to the British Government to acquire them from its own citizens, after such inquiry as would justify it in giving certification as to ownership. An impartial tribunal should be erected to consider the cases and make a final determination: for example, a Justice of the Supreme Court; Mr. Edwin B. Parker, himself a Texan, who has adjudicated $216,100,145, of claims as final umpire on the "Mixed Claims Commission, United States and Germany," with statesmanlike fairness; and Mr. John Bassett Moore. Their canons of decision should be drawn not from American municipal or "constitutional" law, but from that bundle of general practices, understandings, precedents, like legislation and common behavior which we call "international law," and from the standards of public faith which are adopted by the leading members in the Family of Nations.

If circumstances should make it inequitable to recognize the face amount of particular bonds because the State realized substantially less than the amount required to be received, and the rights of innocent purchasers have not cured the defect, an equitable figure might be allowed in such cases, with interest thereon. The British debt has been settled at $4,600,000,000, payable in instalments running over 62 years; if the amounts allowed British holders on these bond issues should be credited against the last payments (discounted) on the British debt schedule, no American taxpayer living would know any difference.

It is not suggested that the Federal Government is directly liable on the bonded obligations of the political subdivisions of the nation; the general rule is to the contrary. Its responsibility under the generally recognized principles of international intercourse comes from its complicity in the series of acts which caused the several repudiations, and in the protection which the nation as a whole now affords to the defaulting obligors.

By the 11th Amendment the United States Government, which alone has foreign relations, denies redress in its courts to foreign bondholders against the debtor States, and leaves it to those

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States to deny, as without exception they have done, redress in their own courts; this amendment was based on the apprehension of the States of being compelled by legal process to pay their debts, of having their complex fiscal affairs taken out of the control of State officers and placed in the hands of the Supreme Court. The Federal Government, by steadily refusing to arbitrate the rights of the foreign bondholders, has further exhibited an intention not to assist them in finding a remedy.[4]

Senator Edmunds, in the course of the debate which resulted in the appropriation by Congress of the indemnity paid by the United States to China for damages done in 1885 by an Arkansas mob to Chinese citizens said: "One nation, as between itself and another, is not bound by the internal autonomy of that state, but it looks to the body of the nation to carry out its obligations, and, if they have not the judicial means to do it, for one reason or another, the nation that is injured is not bound by the failure of the nation whose people committed the injury." Our government, Mr. Borchard says, has in many cases maintained the doctrine that "the forcible deprivation of the property of a citizen of the United States without due process of law and a fair trial is considered a tort and the claim will be pressed on that ground regardless of its contractual origin." Although this statement refers to a franchise granted by a foreign government and the claim enforced by the United States was based upon the arbitrary act of the foreign government in cancelling the contract without first submitting to a judicial tribunal the disputed question of its right to cancel, the United States cannot afford to ignore the appeal of justice in the converse case.

The practical mind of Roosevelt saw the reciprocal. After Great Britain, Italy and Germany had in 1902 resorted to pacific reprisal by occupying Venezuelan customs houses until that state should recede from her refusal to submit to international arbitration the claims of their nationals on contract debts, the United States was in a quandary, for the Monroe Doctrine impelled it to stand between the South American states and the European powers who might as a pacific measure of coercion temporarily

[4] For example, the reservation to the Taft treaty, 1911–1912, offered by Senator Bacon of Georgia, and adopted by a vote of 76 to 3, was as follows: "Provided, That the Senate advises and consents to the ratification of the said treaty with the understanding, to be made part of such ratification, that the treaty does not authorize the submission to arbitration . . . concerning the question of the alleged indebtedness or monied obligation of any state of the United States."

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occupy the territory of South American debtor states which refused to arbitrate the claims of their foreign creditors, while it could not with justice oppose such measures, legal under international law, unless it could bring about a settlement of such debts. Roosevelt, in his message of December 5, 1905, to Congress, after pointing out our dilemma, went on to say: "On the one hand, this country would certainly decline to go to war to prevent a foreign government from collecting a just debt; on the other hand, it is very inadvisable to permit any foreign power to take possession, even temporarily, of the custom-houses of an American Republic in order to enforce the payment of its obligations; for such temporary occupation might turn into a permanent occupation. The only escape from these alternatives may at any time be that we must ourselves undertake to bring about some arrangement by which so much as possible of a just obligation shall be paid. It is far better that this country should put through such an arrangement, rather than allow any foreign country to undertake it."

This Venezuela episode led directly to the convention proposed by the American delegation at the Hague Conference of 1907 for the Limitation of the Employment of Force for the Recovery of Contract Debts. Article I reads as follows:

> "The contracting powers agree not to have recourse to armed force for the recovery of contract debts claimed from the Government of one country by the Government of another country as being due to its nationals.
>
> "*This undertaking is, however, not applicable when the debtor state refuses or neglects to reply to any offer of arbitration . . .* "

Under that convention and under the general principles of international law relative to reprisals, an aggrieved foreign state is warranted in taking pacific measures of force to compel a judicial trial, and a settlement of the amount adjudged due. If a foreign government, whose citizens hold some of these bonds, were, after refusal of the State and of the United States to arbitrate, to seize and hold property (such as vessels) belonging to nationals of the debtor State, until the latter consented to arbitrate and abide by the decision of the arbitrator, its measures would not, under international law, constitute acts of war. Measures of that sort, sanctioned by international law, are in practice used only against the weaker states in the Family of Nations. The stronger governments negotiate: that our individual States cannot do, for they

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have no foreign relations, and our Federal Government refuses to negotiate on their behalf.

Having thus set up a system which deprives the foreign bondholders of their property without any process of law whatever, we cannot justifiably dismiss the matter on the ground that under our internal system the Federal Government is unable to force the States to do justice and that therefore it is not internationally responsible for their wrongs. "International law," says Quincy Wright, "considers that commitments once made must be carried out. It knows nothing of constitutional restrictions making execution difficult or impossible, consequently governments are not required to know the agencies in foreign states for executing international commitments and are entitled to protest if execution fails, whatever the cause."

In its international relations our government, while disclaiming legal responsibility, has in practice frequently accepted liability for wrongs done by the individual States of the Union to aliens whose governments insisted upon redress, and has paid them substantial damages. Although the only guarantee provided by our treaties is that aliens should have the same protection under the laws and in the courts as that afforded to natives, the United States Government has nevertheless in eleven instances assumed the responsibility for making reparation for lynching or injury to aliens by mob violence, and has paid nearly a million dollars to those aliens' governments. These cases happened between 1850 and 1900, principally in the Southern and Western States and Territories. Most of the cases were the lynchings of Italians, Mexicans or Chinese who were suspected of murder, a few were accidents due to riots; in some the wrong was due to the negligence of State authorities, in others no blame could be attached. The Federal courts had no cognizance of these cases, yet an indemnity was paid each time by Congress out of "humane consideration," sometimes "without reference to the question of liability," and sometimes omitting such a phrase. Senator Lodge thought it good policy to make reparation. In 1891 Mr. Blaine said that while the injury "was not inflicted directly by the United States, the President nevertheless feels that it is the solemn duty, as well as the great pleasure, of the National Government to pay a satisfactory indemnity."

In all of these cases, as in the cases of the repudiation by States of their bonds, the United States Government was without

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authority to prevent the wrong or to oblige the State responsible therefor to indemnify the damaged foreigners. Nevertheless it assumed the State's obligation because, as was said by Mr. Webster, Secretary of State, in 1851, "the public faith and national honor" required that the United States should remedy the wrong to foreigners which those States were responsible for but refused to remedy. It would be a fortunate vindication of the attitude of the United States on international debts if we should deduct from the debt which Great Britain owes us an amount equal to the principal and interest of the repudiated state bonds owned by British nationals as far as they may be found valid. Briefly, the situation creates a dilemma. As a result of the 11th Amendment either the United States Government is the intermediary between these States and their debtors, or there is none, a result which both international "law" and international sense of justice refuse to contemplate. Indeed, the original provision of the Constitution extending the judicial power of the United States to "controversies . . . between a State . . . and foreign States citizens or subjects" was intended to apply the rule that there must be a remedy for breach of a State obligation, and to afford that remedy in the Federal Courts.

Although, as has been indicated, an allocation of any such credits to the last payments on our 62 year foreign debts would avoid the sacrificing of a penny by any living American taxpayer, objection might be made that the taxpayers at large should not relieve Southern debtors from their just burden. This need not be. The Federal Government could take an assignment of the bonds and fix the amount of the States' liability thereon by suit in the Supreme Court; for the Constitution does not protect the States from suit by the Federal Government. Through this means the United States possesses the power (which it lacks in the case of torts committed by a State) to compel a responsible State to fulfil its international contract obligations, and this furnishes an answer to those who might argue that the United States ought not to make a financial sacrifice to pay a State obligation.

But there are powerful reasons for the view that these particular debts ought, as a matter not of law but of statesmanlike policy, to be absorbed by the whole body of the American people. It will be sufficient to give them a brief statement.

1. The emancipation of the slaves made the Southern States insolvent. The constitutionality of Lincoln's proclamation was

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more than doubtful. While the 13th Amendment removed the constitutional irregularity in our domestic concerns, it made irremediable the damage which had been done to the creditors of the slave-holding states.

2. The campaigns of the Federal armies in the South destroyed assets of great value and reduced recuperative power; no "reparations" made that damage good.

3. The Southern States, in addition to paying the whole of their war costs (except what they transferred by the sale of Confederate "war-bonds" abroad), were obliged to pay the whole cost of the Federal troops of occupation.

The following table shows the effect of the three causes above mentioned on the wealth of the eight states in the decade 1860–1870.

TAXABLE BASIS OF STATES

Total assessed valuation of property for taxation*

	1860	*1870*	*Percent Decrease*
Alabama	$432,198,762	$155,582,545	64
Arkansas	180,211,330	94,528,843	47.5
Florida	68,929,685	32,480,843	52.9
Georgia	618,232,387	227,219,519	63.2
Louisiana	435,787,265	253,371,890	41.9
Mississippi	509,472,912	177,278,890	65.5
North Carolina	292,297,602	130,378,190	55.4
South Carolina	489,319,128	183,913,327	62.4

* *These figures include the loss in slave property.*

DEBTS

	1860	*1870*	*Highest Point of Debt*
Alabama	6,700,000	8,478,018	31,952,000
Arkansas	3,092,623	3,569,551	18,287,273
Florida	4,120,000	1,288,697	5,512,268
Georgia	2,670,750	6,544,500	20,197,500
Louisiana	4,561,109	25,021,743	40,416,734
Mississippi	none	1,796,230	3,226,847
North Carolina	9,699,000	29,900,045	29,900,045
South Carolina	4,046,540	7,665,909	24,782,906

4. The Southern States have had also to pay in taxes their share of the war cost of the "Union" (through the retirement of the Civil War bonds), as well as a full share of the pensions of Northern soldiers and their dependents from 1865 on. They had also as a necessary social measure to take care of their own invalided soldiers and the dependents of those killed.

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5. The bonds in question were in large part issued by the "carpet bag" governments which Federal legislation had imposed on the Southern States. There was shocking extravagance, waste and corruption, and the already enfeebled resources of these States were called upon to meet payments beyond their ability on investments which had been made without a genuinely representative consent. "Carpet bag" administration was an act of Federal interference, and the chief responsibility for good and bad financing in that interval reverts to the authority which placed its agents in control.

The Reconstruction Acts, enacted and enforced by the national government, destroyed government of the Southern States by the intelligent and property-owning whites, disfranchised them for having aided or given comfort to the rebellion, and imposed upon those States governments controlled by the "carpet bag" whites and the newly enfranchised slaves. As a result of this national legislation the power of the States in question to vote appropriations and to issue the State's bonded obligations was placed under the control of a class ignorant, inexperienced in government, and susceptible to corruption; and, since the burden of taxation fell wholly upon the disfranchised whites, the legislatures were not restrained by self-interest from voting ruinous expenditures and bonded debts. Their reckless and corrupt legislation and the ensuing bankruptcy were a natural and probable consequence of the Federal Reconstruction Acts, and the foreign bondholders are the innocent victims of an American national policy. The whole shabby business is the result of a struggle — military, political, economic — between the two sections of the country, in which the South was financially ruined, and in consequence of which both sections have done what lay in their power to injure the South's innocent creditors.

It has been intimated that the bondholders may have bought their bonds at less than their face and interest and should not be paid in full. This argument that a debtor, sovereign or individual, is not bound to pay his debt at its face because the creditor may have acquired it at a discount, was made as to the public debt in the early days of the Republic. Hamilton dealt with the argument analytically in his "Report on Public Credit" (1790). He came to it again more briefly and scornfully in his "Funding System Vindicated" (1791). It was argued "that the debt is greater than it ought to be, because, from the state of deprecia-

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tion in which the Government found it, a much less provision for it than that which was made might have sufficed. A saving of nearly one-half, it is said, might have been made by providing for it in the hands of alienees, at least at 8 s. or 10 s. in the pound, who, having come by it at a much less rate, would have been well compensated by such a provision." Hamilton replied: "To a man who entertains correct notions of public faith, and who feels as he ought to feel for the reputation and dignity of the country, it is mortifying to reflect that there are partisans enough of such a doctrine to render it worth while to combat it." The only condition admitting a departure from the principle is that, he said, of necessity, consisting either of want of ability to perform a duty, or where it could not be observed "without some *manifest* and *great* national calamity," such for example as an existing state of war. "To get rid of a particular, though a considerable evil, or to secure a partial advantage . . . would tend to dissolve all social obligations — to render all rights precarious, and to introduce a general dissoluteness and corruption of morals."

The objection may be made to the proposal here suggested that it is not "practical politics;" accepting the connotations usually attaching to that term, the remark would seem to be true. The answer to the objection might lie in the general approval which has gone out to Mr. Mellon and the Debt Settlement Commission for their success in excluding considerations of "practical politics" from the field of debt settlement.

Appendix

Summary of State Debts Still Repudiated

Alabama

Some of the debt was incurred before 1830, though repudiation did not take place until the Civil War; part of these early issues were taken up in New York, part in London. After the war nearly $18,000,000 of railroad aid bonds were issued or endorsed. A funding act of 1876 took up some of the issues. The repudiated debt remains at about $13,000,000. The present per capita wealth of Alabama is $1,306, its total wealth $3,264,000,000.

Arkansas

Some of its debt goes back to 1838 when the state chartered a Real Estate Bank. Most of it was created by the issue of railroad aid or levee bonds in the reconstruction period. Some of the railroad aid bonds were declared by the Supreme Court of the State to have been unlawfully

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issued and to be void. A constitutional amendment was adopted in 1884 depriving the Legislature of power to recognize these bonds. The present per capita wealth of Arkansas is $1,506, the total wealth $2,832,000,000.

Florida

The earliest of the repudiated bonds were issued in the days of the Territory to provide capital for the Union Bank of Florida, and were sold in Europe between 1834 and 1839. There was another bank and an insurance and trust company which the State assisted; the aggregate of these debts was $3,900,000. When the Territory became a state it repudiated them on the ground that the State was not responsible for such debts contracted under a territorial government; the real reason was that the debt was too large for so poor a state to pay. The rest of the repudiated debt consisted of railroad aid bonds issued under the provision of the state constitution. The principal of all the debt repudiated is about $8,000,000. Florida's period of prosperity is of recent date; its present per capita wealth is $2,239, its total wealth $2,829,000,000.

Georgia

This debt arises chiefly out of railway guarantees in the post-war period. There was corruption in the government which in some instances may legally have attainted the issues, in other instances relates only to the use of the proceeds after issue. The repudiated bonds are estimated by one investigator at $9,863,500, by the Council of Foreign Bondholders at $13,500,000. The per capita wealth of Georgia is $1,403, its total wealth $4,353,000,000.

Louisiana

In 1870 the state's debt, not including the war debt, was $22,859,628.41. In 1871 it was $41,733,752. The bonds were issued to provide state funds, to aid railroads and banks, the municipality of New Orleans, etc. The finances of Louisiana are greatly complicated by its political history. At the time of the first attempt at reduction of the debt in 1872 there was a break in the government caused by the election of two governors and two legislatures — one supported by the "carpet baggers" and "scallawags" and the other by the Democrats and liberal Republicans. The Government intervened and established the carpet bag government by martial law. In 1912 the State authorities looking forward to the maturity of its debt of $11,000,000 on January 1, 1914 and the issue of refunding bonds therefor, submitted to popular vote an amendment to the constitution which among other things provided for the settlement of some of the repudiated "Baby" bonds. The amendment was rejected by a large majority. The present per capita wealth is $1,995, the total wealth $3,791,000,000.

Mississippi

$2,000,000 of bonds were issued in 1831–3 to aid the Planters' Bank. The Bank defaulted in 1839. The validity of the bonds was never questioned, but in 1852 a proposal to raise the money for interest payments was defeated by popular vote. $5,000,000 of bonds were issued in 1838 in payment for shares in the Union Bank. The Bank failed within less than two years. The Supreme Court of the State sustained the validity of the bonds and the legislature wished to recognize them, but

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the Governor recommended their repudiation and a popular vote sustained him.

In 1875 the following clause was incorporated in the State constitution: "Nor shall the State assume, redeem, secure or pay any indebtedness claimed to be due by the State of Mississippi to any person, association or corporation whatsoever, claiming the same as owners, holders or assignees of any bond or bonds known as Union Bank bonds or the Planters Bank bonds."

An offer of settlement, advantageous to the State, was made by the British bondholders in 1880 but was rejected. The per capita wealth of Mississippi is $1,355, its total wealth $2,427,000,000.

North Carolina

The bonds of this State were post-war railroad aid and special tax issues. The financing was reckless, and in 1870 the interest charges alone would have entailed an annual tax of $2,500,000 on a total State assessment of $115,000,000. The technical objection to payment is that the State agent exceeded his powers. The per capita wealth of North Carolina is $1,879, its total wealth $5,284,000,000.

South Carolina

This state's repudiated issues are also post-war; some of them were post-war refundings of pre-war issues, some of them railroad aid bonds. By 1872 the debt had climbed up to more than $20,000,000. A court of claims to pass on the validity of the different issues was created and its decisions were appealed to the Supreme Court of the State. The court said, inter alia, p. 273: "The only inquiry in such cases is, whether the officer or agent has been entrusted with authority to make and issue the paper, and it is not competent to inquire into his conduct in making the issue. If he has been guilty of irregularities or frauds in exercising the power with which he has been entrusted, the loss thereby occasioned must fall upon the party who entrusted him with such power, and not upon the innocent holder, who has taken the paper in the usual course of trade. . . . We think, therefore, that the result of the cases in the Supreme Court of the United States clearly is, that when an act of the legislature authorizes the issue of bonds by a municipal corporation upon certain conditions therein named, and the bonds are issued by the proper officers of such corporation, containing a recital that they are issued under the authority conferred by such act, that such recital is conclusive in favor of the bondholder — that all the necessary conditions named in the act have been complied with, as a purchaser is not bound to look beyond the legislative act and the recitals contained in the bonds." (Bond Debt Cases, 12 South Carolina, 200 and 263.)

The decisions held valid a large part of the debt, and left open questions for investigation as to another part. In 1873 an Act was passed repudiating the so-called "conversion" bonds, amounting to $5,965,000 on the ground that they were unauthorized, without return of the advantages received on their issue. The per capita wealth of South Carolina is $1,499, its total wealth $2,704,000,000.

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THE DESTINY OF EAST AFRICA

By Raymond Leslie Buell

FOR centuries the world has been confronted with interracial problems; it has witnessed the subjection of primitive peoples by those more advanced; it has seen the ascendence of primitive peoples into power. We have been most familiar with these problems upon the continent of Asia, in Russia and in Turkey. But the same forces are contending with each other upon the continent of Africa today, and they are creating a conflict between the will of the European invaders and the needs of the natives which is in some respects unique in the history of mankind.

Africa is as large as North America and Europe combined. The greater part of it lies between the Tropic of Cancer and the Tropic of Capricorn — the tepid region of the world. It is the home of the black man, but with the exception of Liberia and Abyssinia it all is under white rule. So far the negro has been at the complete mercy of the European, who has governed the continent with an absolute hand and according to his own desires.

While Africa lies in the tropical region, its geography, upon which climate partly depends, is uneven. The west coast of Africa has a hot, muggy climate which has made life so disagreeable to the officials, missionaries and traders that they periodically return to Europe for a leave, usually of six months, after a stay of two or three years. Until the discovery of the causes of malaria that disease produced a high mortality among Europeans; this was particularly so on the west coast, which even today has the reputation, no longer deserved, of the "White Man's Grave." Vast areas of South and East Africa have a different climate. A plateau, averaging about 4,000 feet in elevation, stretches from the Karoo country of South Africa across the Rhodesias into Tanganyika, Kenya, and parts of Uganda and the Belgian Congo. Throughout a large part of this plateau the climate is semi-temperate and relatively healthy, rain is abundant enough for agricultural enterprise, and the land is fertile. Large incomes may be made in the cultivation of coffee, maize, sisal and tea, and cattle raising is profitable.

Attracted by these fertile and equable areas, European colonists

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have taken up their residence not only in South Africa but in the territories further east and north. A million and a half Britishers and Boers have settled in South Africa, which now is a self-governing Dominion and probably the most nationalistic part of the British Empire. To the north lies Southern Rhodesia, with a European population of 35,000. About 12,000 Europeans have taken up their abode in Kenya, a colony stretching from Lake Victoria Nyanza to the Indian Ocean. A few thousand others are scattered in Uganda, Tanganyika, Northern Rhodesia, and Nyasaland.

So far, however, fear and dislike of the climate have kept colonists away from the west coast. While a certain number of Europeans have asked the government to grant them concessions to start plantations, the pressure has not been nearly as great as for land grants for settlement purposes in South and East Africa. Partly because of the absence of this pressure, the British Government on the west coast has followed the policy of ruling the natives through their own chiefs and of encouraging them to retain and develop their own institutions and laws. The government recognizes that the land belongs to the natives. As a result European plantations such as are found in East and South Africa have been excluded and the native has not been forced or urged to leave his village to become a wage-earner on a white man's farm. He remains a peasant tilling his patch of land for food-crops and export produce. The foundations of native life are not shaken; families remain intact, tribes hold together, and individuals prosper. Europeans are present in West Africa not as colonists but as officials, traders and missionaries. In other words, the spirit of the administration is to develop a native society so that eventually it may stand on its own feet and so that European control may be relinquished. It is an ideal which the League of Nations has enshrined in the Mandate system.

In those areas of South and East Africa which are under its control the British Government has followed an opposite policy — the policy of White Settlement. It has not only tolerated but encouraged the entrance of European settlers, with a view of building up new and permanent European communities such as have been established in Australia and New Zealand. So far the movement for the White Settlement of East and South Africa has acquired importance only in the Union, in Rhodesia, and in Kenya. While the Rhodesias and the Union are neighbors and

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may therefore look to each other for support against the possible opposition of the blacks, Kenya Colony, lying between the feudal kingdom of Abyssinia on the north, the native states of Uganda on the west, and the mandate of Tanganyika on the south, is, so to speak, isolated. And the settlers of Kenya Colony feel that if white settlement in East Africa is to succeed it must be extended down through the highlands of Tanganyika until a continuous link between East Africa and South Africa is established. The settlers of Kenya, backed by strong support in England, are aiming to create a new Dominion stretching from the Zambesi to the Nile. At a Saint Andrew's X Dinner at Nakuru, Lord Delamere, the leader of the white settlement group, said recently: "We must give up thinking of Kenya as an isolated unit. We must believe that our safety as a civilized entity depends on the extension of our influence southward and that any wavering in our attitude toward an inter-colonial policy may have the most disastrous effect on our future." Sir Edward Grigg, the Governor of Kenya, recently made this declaration: "We are deeply anxious that the policy of European settlement . . . should not be an isolated policy."

While parts of Uganda are mountainous, the White Settlement school in Kenya does not hope to bring Uganda under its control. The system of native government and of native production, similar to that found on the West Coast, is too strongly entrenched. But it does hope to extend the system of white settlement throughout Tanganyika, where policy is not yet definitely moulded, Northern Rhodesia and even Nyasaland. For all practical purposes, however, the East Africa question limits itself to the colony of Kenya and to its southern neighbor, Tanganyika Territory.

The campaign now being waged in East Africa is taking three forms. The first plank calls for the settlement of the highlands of East Africa with white settlers. The second plank demands some form of self-government for the white settlers in each of these territories, beginning with Kenya; as a first step, the Kenya settlers demand an elected European majority on the Legislative Council. The third plank demands the coördination of the different colonies, particularly of Kenya, Uganda, and Tanganyika, with a view to the eventual establishment of a self-governing federation patterned after that set up in South Africa in 1910. In other words, this campaign looks to the establishment

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of a Dominion of East Africa — to the addition of another star in the Imperial Crown.

In order to give strength to the white settlement movement, Lord Delamere convened a conference of settlers from all the East Africa territories at Tukuyu, Tanganyika, in October, 1925, which passed resolutions encouraging European colonization of the East Africa Highlands and discouraging native agriculture in European areas. The next year another conference was held for the same purpose at Livingstone, Northern Rhodesia; and it is proposed to hold such conferences annually. Kenya settlers are already applying for land grants in Tanganyika and elsewhere.

The attitude of the British Government at home has wavered. For a time the hopes of Lord Delamere and his followers were dashed by the famous White Paper of 1923 which declared that His Majesty's Government "could not but regard the grant of responsible self-government as out of the question within any period of time which need now be taken into consideration." The Government would not even contemplate the possibility of an unofficial majority on the Legislative Council. But in 1926 Sir Edward Grigg, the governor of Kenya, intimated that a legislative council should be established containing an unofficial majority of representatives of the European, Indian and native communities. On July 19, 1927, Mr. Amery declared to the House of Commons that "the day will come, when, with the growth of a large settled community no government in this House can ultimately resist the demand for self-government."

Despite Mr. Amery's imperial sympathies, the present British Government realizes that any step toward European self-government and federation in East Africa involves very serious racial questions. And it was in order to determine how the goal of self-government may be reconciled with the protection of native interests that the British Government appointed a Royal Commission, which sailed for East Africa in December, 1927.

While it is perfectly natural for the European settlers in East Africa to agitate for self-government, for the expansion of colonization, and for the establishment of a new Dominion, and while from the standpoint of administration, economies and imperial pride such a development may have advantages, it also possesses some serious disadvantages from the standpoint of the native population. So far the European population of East Africa (less than 25,000 souls) is tiny in comparison with the 10,000,000

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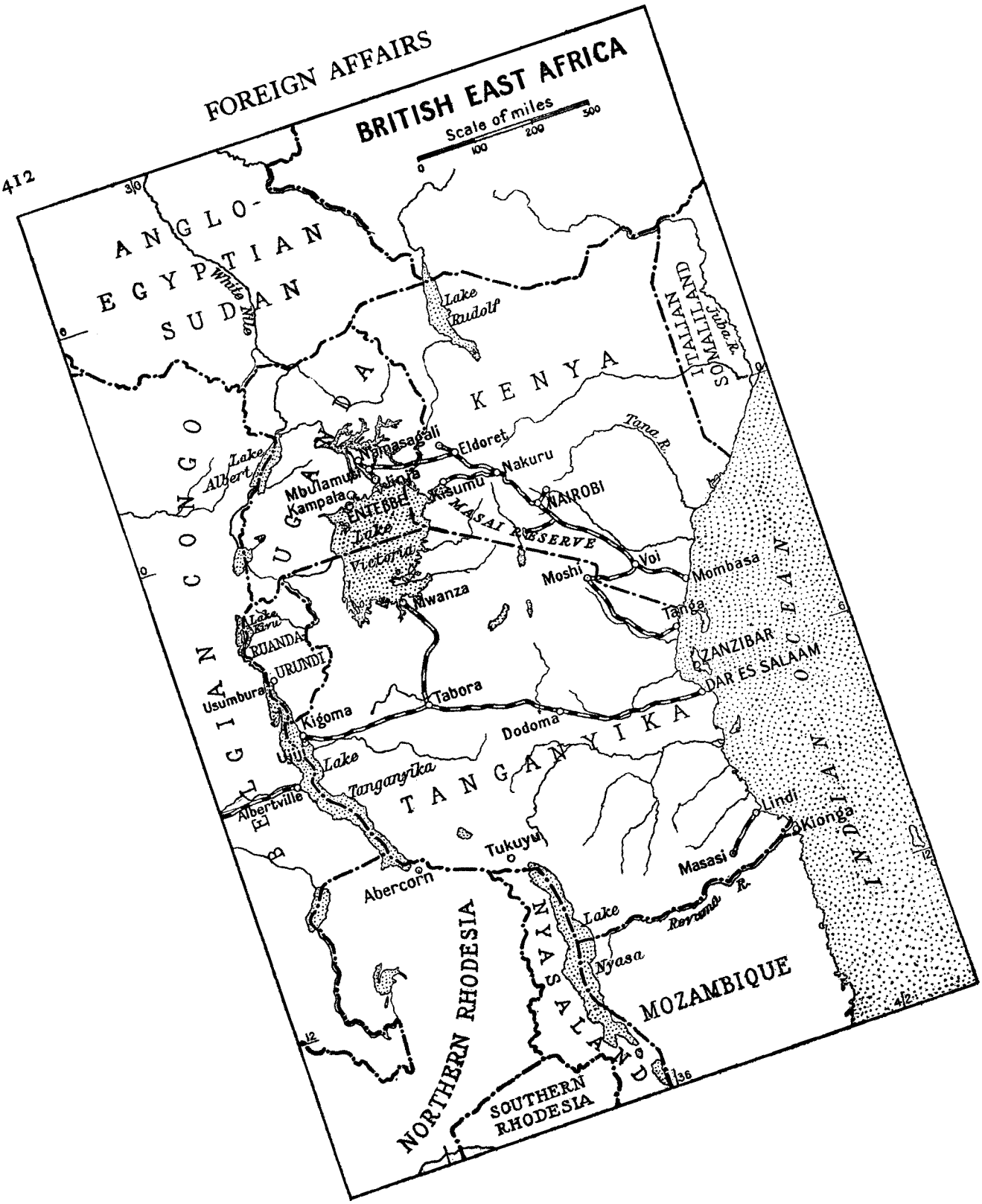

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natives, who show no signs of disappearing. The situation is further complicated by the presence of an Indian population which outnumbers the Europeans two to one.

Leaders of the white settlement school assert that the European colonization of the habitable parts of Africa is as much justified as was the colonization of the United States and Canada. Had the North American continent been locked up indefinitely for the benefit of the Red Indian, the world would have suffered a great material and spiritual loss. Consequently, they argue, Africa should be thrown open to European colonization regardless of the native population.

But this analogy between North America and Africa is far from perfect. In the first place, the continent of North America was virtually unoccupied at the arrival of the Pilgram Fathers. According to the best estimates, there were never more than several hundred thousand Indians in what is now the United States. On the other hand, Africa south of the Sahara has a native population of well over a hundred million. In the second place, the American settler was a brawny man who worked with his hands; he did not rely upon the Indian for labor. But throughout South and East Africa today the European settler relies almost wholly upon the black man for his labor supply. This reliance of a European system of production upon primitive labor is a matter of fundamental importance in considering the wisdom of promoting European settlement in the East Africa Highlands or the eventual establishment of a new Dominion.

In South Africa the results of white settlement are almost universally recognized as harmful to the natives, who outnumber the whites nearly four to one. Color bar legislation there excludes natives from jobs which in the Belgian Congo and the West Coast of Africa they are able to fill. Wages are kept artificially low; the natives on the South Africa mines receive lower wages, in shillings, today than they did in 1896. White settlement in South Africa has meant the accumulation of thousands of de-tribalized natives in cities and labor centers, resulting in many cases in the deterioration of native morality and the increase of crime and disease. To prevent desertion, South Africa (and her example has been followed by Southern Rhodesia, Tanganyika and Kenya) has enacted legislation embodying the penal sanction in labor contracts, and has introduced elaborate pass laws and finger print systems to restrict native movements.

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Native strikes and native labor unions are virtually illegal. In general there has developed the racial tension which seems always to arise, unconsciously at least, whenever a European community finds itself surrounded by another race of inferior civilization and standards of living. In this atmosphere of fear men are driven to action that, isolated or separated from the racial environment, they would not take. White settlement also raises perplexing problems, connected with miscegnation and the creation of a poor white class, which are reduced to a minimum in territories where the West Coast policy is followed.

If the white man is to build himself a home as well as a fortune in the semi-temperate parts of Africa, he must have land and he must have native labor. Pressed by this demand for land, the governments in South and East Africa have followed a land policy directly contrary to that followed in most parts of West Africa. Instead of regarding the land as belonging to the native population, the governments of the Union, of the Rhodesias, and of Kenya have declared all land in these respective territories the property of the Crown which may be alienated at pleasure.

Despite the establishment of native reserves, many natives in these territories [1] have been deprived of the land traditionally occupied by their family or tribe and others actually do not have enough land to grow food in sufficient quantities to feed themselves and to pay their taxes. As a result of this policy the natives of South Africa hold only nine percent of the land in the Union; the natives in parts of Nyasaland are over-crowded; the natives in Kenya have likewise been deprived of land which belonged to them under native law and of which they are already in need. Between 1900 and 1920, the Kenya Government alienated to Europeans portions of the land belonging to and occupied by the Kikuyu, Kamba, Nandi and Wanyika peoples, without granting the latter any compensation. After questionable negotiations, the government moved the Masai out of the Rift Valley in order to make way for incoming settlers. In 1926 the Kenya Government finally published the boundaries of the Kenya native reserves. These may not hereafter be changed without the consent of the Secretary of State for the Colonies, who is in London and supposedly removed from local pressure. Nevertheless a number of settlers in Kenya still agitate against the native reserves on the ground that the native does not properly cul-

[1] In Southern Rhodesia the land situation is not so acute.

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tivate the soil, that he would be "better off" working as a wage-earner on a European farm, and that these lands could be more profitably utilized by Europeans.

As a result of the gazetting of the Kenya reserves natives have obtained a security of tenure which they lacked in the past. But the government does not intend to increase the size of these reserves in the future and many of them are already overcrowded. Excluding the barren and sparsely populated Masai area, the population density of the Kenya reserve is 8.2 per square mile, in comparison with a density of 5.6 in South Africa. A Kenya official testified in 1919 that in part of the Kikuyu reserve the density was from five to seven times as great as in South Africa. It seems certain that if the present native population increases normally (and with European medical assistance the rate of increase will be faster) it will only be a matter of a few years before the Kenya reserves will be as inadequate for native needs as they are in South Africa, where the shortage of native land is generally admitted.[2] Despite these facts, the governor of Kenya, Sir Edward Grigg, declared in a recent speech at Falmouth, England, that the reserves in Kenya are "ample in area for future native needs." Surely the governor has been grossly misinformed.

In Uganda and Tanganyika, comparatively little land has so far been alienated. Consequently, the native may gradually expand the area of the land which he uses in proportion to the increase of population. But the native in Kenya may not do this. The land outside the reserves is held by the white man or the white man's government. Sooner or later, the Kenya native will be forced out of the reserves into European employment.

In the mean time, however, this indirect process does not produce the labor supply which European settlers demand. A labor shortage has existed constantly, not only in Kenya but in Southern Rhodesia and the Union — in fact wherever the European estate system has been introduced. This shortage became especially acute in Kenya in 1919 following the arrival of a large number of ex-soldiers to whom the government had given farms. To meet their needs the local government, under General Northey, instructed officials "to exercise every possible

[2] A Kenya native cannot buy land outside of the reserves, and if he wishes to move on to a European farm he may do so only after signing a squatter's agreement promising to work for the landlord 180 days a year.

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lawful influence to induce able-bodied male natives to go into the labor field." In the eyes of many Englishmen this circular authorized a system of indirect forced labor. Its publication led to a storm of protest in England and eventually the Colonial Office was forced to withdraw the instructions.

For several years thereafter the Government followed a policy of neutrality in labor recruiting. But new coffee acreage began to come under bearing, which increased the demand for labor; and the settlers soon set up another cry for compulsory measures. This finally led the Kenya Government again to modify its policy. In February, 1926, a Conference of East Africa governors met at Narobi, the Capital of Kenya, where they adopted a resolution stating that officials must give natives to understand that natives must work either for themselves or for European settlers; and that where in the absence of transport the native cannot profitably work for himself, he should work for a European — a resolution which would seem to violate the compulsory labor provisions in the Tanganyika mandate, where it is now being applied. The adoption of these resolutions was followed by an address of Governor Grigg in October, 1926, to the Convention of Associations, the settlers' organization, in which he said that "if government gives encouragement and advice . . . thousands of natives will cheerfully go out" to work, but if government is "indifferent, thousands will equally cheerfully stay at home." This new labor doctrine seems to be almost identical to the one which was adopted in 1919 but withdrawn. If the instructions are literally applied, they will result in a régime of compulsory labor for private purposes. Even if they are not literally applied they will serve as a bad example which other colonizing powers may adopt and enforce more literally.

A few months ago the British public became greatly agitated over the decision of a court revealing the existence of a mild form of domestic slavery in the colony of Sierra Leone. But so far it seemed almost indifferent to the system in Kenya under which a large proportion of the male population is virtually compelled to seek European employment, whether they wish to do so or not. The effect of this migratory labor has been described by the Kenya Missionary Council as follows: "The absence from home of contract labor is in large numbers of cases detrimental to the health and well-being of that labor . . . Diseases such as malaria are being increased in some Reserves as the result of the return

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of labor travelling to and from their homes to infected labor camps. The conditions of life away from their women folk, even though the morality is not yet high in the Reserves, is not such as to conduce to the well-being of the laborer while at work, and his return to the Reserve may cause the spread of syphilis and other diseases acquired outside. Further, the necessity for married men, especially the younger men, spending long periods of time away from home is not for the well-being of that home or of the wife and children left behind."

As a result of these labor policies, the number of natives under European employment in Kenya increased from 12,000 in 1912 to about 185,000 in 1927. At present 33.8 percent of the native male population is thus engaged — a larger percentage than in any other territory in Equatorial Africa. Out of a total population of 2,500,000, Kenya has 185,000 native wage-earners, in comparison with 300,000 in the Belgian Congo, the total population of which is 10,500,000. An Official Belgian Commission, studying the labor situation in the Congo, recently declared that not more than 10 percent of the native men should be away from their native villages because of the grave physical and moral injury which such migration does to native life. Government regulations have been enacted carrying this recommendation into effect. In other words, the Belgians are slowing up industrial development so as to correspond to native needs. But in Kenya 34 percent of the total male population are working for Europeans, and in the case of the most intelligent native men (such as the Kikuyu in the Kyambu-Nairobi district) 72.28 percent are away from their homes in European employ. Despite this excessive number, Sir Edward Grigg has recently stated that "What this colony needs is settlement, more and more settlement," and with the support of the Colonial Office the Kenya Government is now increasing the number of settlers as quickly as possible. This will intensify the demand for native labor; and it is simply not forthcoming. European settlers who have invested their fortunes in a country at the invitation of the British Government cannot be blamed for demanding native labor. But the world should hold the British Government strictly responsible if, having before it the tragic example of South Africa, it should blindly encourage European immigration and the alienation of land, thus bankrupting existing European enterprise and still further impairing the interests of the native population.

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Despite the depressing social results of white settlement upon the native population, its extension is now being vigorously supported in East Africa and in England upon ethical as well as material grounds.

The first argument is that the native will benefit from "contact" with the white man. The Governor of Kenya has recently stated that the "best school for the African is a good European estate." If this theory were valid the negroes of South Africa who have lived in close proximity with a white population of a million and a half people should be superior to the natives of West Africa, where the white population is small and consists only of officials, missionaries and traders. But while the South African native may have a better knowledge of the English language than his brother farther north, the negro of Central and West Africa appears to be far ahead in matters of industrial, commercial and agricultural knowledge. The visitor does not meet in South Africa the trained medical dispensers, the mechanics, or the traders he meets in West Africa. Whatever benefits the whites in South Africa or the United States have conferred upon the blacks have so far been more than outweighed by the disabilities imposed. Channels of advancement open to natives in the parts of Africa devoted to the native state policy are closed to the South Africa negro, just as channels of political and social advancement have been closed to the negro in the United States.

The second argument advanced in favor of the white settlement of East Africa is economic in character. Spokesmen of the school declare that the native population of East Africa is too sparse to develop these resources and that therefore white settlement is necessary if this part of the world is to be developed for European needs. If the white farmers of East Africa provided their own labor supply the argument might have some weight. But all of them depend upon native labor. Increased white settlement therefore means that natives now engaged or who might become engaged in native agriculture will be diverted into European employment, in many cases against their consent, and will receive wages much below the returns they would receive working for themselves. As a matter of fact the cost of general administration per hundred inhabitants in Kenya, a white settlement territory, is twice that of Uganda, a native state. The exports of Uganda in 1925 were nearly twice the exports of Kenya. 87.5 percent of the value of exports in Kenya is consumed in government ex-

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penditures in comparison with only 25.5 percent in Uganda. There is no evidence so far supporting the contention that white settlement in the tropics is more productive than native enterprise. In fact there are many reasons for believing that the native small-farm system, subject to European assistance, is economically the most productive. Under the white settlement policy, a relatively small number of European settlers may garner profits which under the native state policy would go to native producers, and Europeans may derive gains from a speculative rise in land values, which would not take place to so great an extent under a native system of production and of land tenure. But while a few Euopeans will obtain a larger share in the *distribution* of wealth, the total net *production* under the system of white settlement will probably be less than in a native state.

Inevitably, the black man in Africa will grow in strength and in racial self-consciousness as has the brown man of India and the yellow man of China. He will demand a country of his own. In a native state European control may gradually be relinquished in proportion as the natives are able to stand upon their own feet. In a white settlement territory the European resident has no intention ever of relinquishing his control. His aim is to establish and maintain a new White Man's Dominion. Consequently, a racial struggle is more likely to occur and will be more determined in a white settlement colony than in a protectorate.

The official justification for following a different native policy in East Africa than in West Africa is climate. It is contended that while a white man and his family cannot live comfortably in West Africa they may do so in the Eastern Highlands, and that the British Government is therefore justified in encouraging European settement there. This distinction rests upon fragile grounds. Many scientists now assert that, with the elimination of disease, the white man can live in any part of the tropics. A committee appointed by the Australian Medical Congress recently reported that the white settlement of Tropical Australia was a sound proposal; and the Government Public Health Department has made a study showing that the second and third generations of white men in tropical Queensland have flourished on a tropical soil. The extent to which French and Belgian families are taking up their residence in West and in Central Africa would confirm these conclusions. It would seem to be only a matter of time before the white man, so far as the promotion

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of economic enterprise is concerned, can live as comfortably in West Africa as in East Africa. If, therefore, the government is justified in taking away native land and in thwarting native development in East Africa because of the climate, the introduction of the plantation system, which the British so far have rigorously excluded from West Africa, will also be justified. The logic of this position has already been noted by a native newspaper, *The Gold Coast Leader*, which recently declared, "We had always been told that British policy was based upon a sense of right, justice and fair play. . . . It is something quite new for us to learn that British policy has been entirely guided by climatic conditions. . . ."

There are no British officials who would consciously advocate a policy which would impose upon East Africa the insoluble problems which have arisen in the Union of South Africa. The British Government openly stated, in the famous White Paper of 1923, that "Primarily, Kenya is an African territory and His Majesty's Government think it necessary definitely to record their considered opinion that the interests of the African natives must be paramount, and that if, and when, those interests and the interests of the immigrant races should conflict, the former should prevail." In a White Paper issued in 1927 in regard to future policy in Eastern Africa, His Majesty's Government reiterated the principles defined in 1923. But in view of the insistent and voluble demands of the Kenya settlers and because there are undeveloped areas in East Africa the British Government has taken the position that the demand for white settlement can be satisfied without detriment to native interests, and that the interest of both Europeans and natives may be promoted side by side. This is called the policy of Dual Development.

Mr. Amery recently declared that East Africa was "neither West Africa nor South Africa." "It could never remain a purely black man's country," he said, "in the sense that West Africa was a black man's country. It could never become a white man's country in the sense that South Africa was a white man's country. It was a country where the native races would always form the predominant element of the population, in which their interests would be paramount."[3] Mr. Amery apparently has overlooked

[3] Colonial Office Debate, House of Commons, July 19, 1927, *The Times*, July 20, 1927, p. 8. He added, "But there were very considerable tracts in which the white man could not only stay for a few years, but in which he could live and bring up his family, and acquire a real patriotism in the country; and, in the course of time, a responsibility for the conduct of affairs of that country."

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the fact that the labor situation in Kenya today is more critical, from the social standpoint, than in any other territory in Equatorial Africa, and that the native reserves in Africa will soon be as inadequate as they are in the Union farther South.

Despite the land and labor situation in Kenya, the local government has made serious efforts to apply the policy of Dual Development in so far as medical work and education among the native population are concerned. But the government has done comparatively little to promote native agriculture and animal husbandry. Natives are barred from the cultivation of coffee by prohibitive licenses. The value of non-European production in Kenya for 1925 amounted only to 546,000 pounds in comparison with native production in Tanganyika of 1,700,000 pounds and in Uganda of 5,000,000 pounds. The settlers realize that if native agriculture is encouraged, as it is in Uganda, the European labor supply will fall off. To calm these fears, the government publicly states that the greater the production in the native reserves, the larger will be the number of natives who, having developed habits of industry, will want to work on the outside. The proposition is on its face illogical, and is contrary to the experience of the Transkei, Uganda, and the Gold Coast, where increased native production has automatically operated to keep the natives at home. One cannot conceive of the peasant of France making an annual migration to Italy for the purpose of working on estates six months out of the year. As at present applied, the policy of Dual Development means that natives under European employment will be well-cared for and treated. But it does not mean that natives will be allowed to live their own lives and work on their own farms as in other parts of Africa. As a result of the land and labor policies of the Kenya Government, more than a third of the men are away from home, under European employment. Whatever the theoretical position of the government as to compulsion may be, the fact is that many of these men have little choice, either because of the absence of adequate land or the pressure of recruiters. So far it is impossible to say that the interests of the African have been "paramount" in Kenya, or that the doctrine of trusteeship has really been applied. The native and Indian populations of both Uganda and Tanganyika feel that if a federation of East Africa, dominated by Kenya interests, should be established, non-European interests throughout the whole of these territories would similarly suffer.

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This position seems logical. In demanding responsible government, the 12,000 Europeans in Kenya are demanding the right not only to govern themselves but to govern 2,500,000 natives. In demanding the establishment of a self-governing Dominion, 25,000 Europeans are demanding the right to govern 10,000,000 natives. The Europeans depend for their existence upon native labor, and many of them wish to acquire native land. Hitherto, the Colonial Office has served, if imperfectly, as an umpire between the parties. Responsible government would remove the umpire, and put the native in the complete control of the local European population.

There are those who believe that the native question in Africa will not be solved until full responsibility for the problem is squarely placed upon the local European population. This position has been admirably stated by the *East African Standard*, published in Nairobi, which says that the responsibility for trusteeship rests "upon the shoulders of every British man and woman who comes into Africa, a responsibility to respect the traditions and the ideals of justice, fair play, honesty and Christian spirit which have made the name of Britain honored in the world . . . We are convinced the immigrant communities in East Africa will prove to the satisfaction of the world that the faith has not been misplaced." This view is also held by Sir Edward Grigg and Mr. Amery, the Secretary of State. While undoubtedly there is some merit in the argument, experience shows that when a European community acquires complete control over a primitive people, its policies are liable to be dominated by what it regards as racial and economic self-interest rather than by humanitarian conceptions or by the interests of the primitive people.

A European candidate for the Kenya Legislative Council recently intimated that the labor problem would be "solved" only after the colony had been granted self-government; and at the annual meeting of the settlers' organization, the Convention of Associations in October, 1927, the Chairman, criticising the doctrine of Trusteeship, declared: "If the welfare of the natives under the rule of the European citizens of the colony is to rest on an altruistic ideal dependent on the ebb and flow of opinion, it will result in the long run on a very insecure foundation . . . "[4]

[4] Supplement to the *East African Standard*, October 22, 1927 p. 3.

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The view of the present British Government is that in the long run the demand for self-government in East Africa cannot be successfully resisted. It is stated that if the home authorities should resist local demands a revolt would occur. But surely this position greatly exaggerates the power of 12,000 settlers, who could be easily reduced to submission by the blockade of Mombasa. The European population in Portuguese Africa, in the Belgian Congo, and in French West Africa is as large as that in Kenya. But the governments of these latter territories have no intention of turning them over to the mercies of the local European inhabitants.

In a number of instances, the Imperial Government has attempted to satisfy demands for self-government made by Europeans in inter-racial communities while at the same time attempting to retain control over native affairs. In granting responsible government to Natal, the Orange Free State and Transvaal, the Crown prohibited color bar legislation. It imposed certain restrictions upon the native policy of the South Africa Company in the administration of the Rhodesias. But in the first three cases these restrictions disappeared with the establishment of the Union in 1910, and in the case of the Rhodesias the Crown rarely if ever interferes with native administration. The Kenya constitution likewise prohibits color bar legislation and encroachment upon the native reserves without Imperial consent; but these guarantees are not of fundamental importance, as far as the improvement of the social conditions of the Kenya native is concerned. It is a remarkable fact that Kenya, a comparatively new colony under the control of the Crown, has adopted fewer guarantees of native development than have South Africa or Rhodesia — much older territories, and both self-governing. Kenya has more severe squatter legislation than either of the latter territories. It has declined to follow their example in granting natives the right to purchase land in certain exclusive areas outside of the reserves. It has so far rejected the South Africa system of native administration, which provides for autonomous native communities removed from control of a European parliament, and which allocates a large share of the native taxes to definite native needs.

Whether or not because of the belief that such guarantees are inherently defective, Mr. Amery has rejected them on the ground that "this is not a practical form of dyarchy in a country like

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East Africa where white and black live indissolubly bound together," and where there was no aspect of self-government "which the white could exercise without touching at every moment on his relationship with the black." The only possible conclusion from this statement is that sooner or later the British Government intends to turn over the native population to the local European (and perhaps Indian) population, subject to no reservations and no safeguards.

In view of the growing tendency to establish external control over native policy in the backward parts of the world, of which the mandates system is the most successful example, this position of the Conservative Government in England is frankly disheartening. It is almost impossible to believe that, with the experience of the Orange Free State and of other mixed communities staring it in the face, the British Government should deliberately adopt a policy of eventually placing 10,000,000 blacks under the absolute control of 25,000 Europeans.

As a matter of fact there is no "East Africa Problem" today. There is the problem of Kenya and the problem of Tanganyika, each of them dissimilar and requiring a different solution. In Kenya 12,000 Europeans have taken up their residence at the invitation of the British Government and they cannot be removed. It may be desirable to grant them self-government in European matters, but only on condition that native interests be safeguarded, not so much by Imperial guarantee along abstract lines as by internal machinery which the European population may not control for its own purposes.

The British Government is pledged to the trusteeship principle in Kenya as elsewhere in Africa. To make this pledge effective, it must give the native an opportunity to develop until he can stand upon his own feet — an opportunity given on the West Coast and in Uganda. Important as education and medical work are, development along these lines must necessarily rest upon a firm economic foundation. It will be impossible to develop a native society without land enough to support it and as long as nearly half of the men must periodically pass to and fro from the reserves to European farms. If the principle of trusteeship is really to be applied in Kenya, the natives must be allowed gradually to acquire land in quantities large enough to make them self-supporting. They must be guaranteed the right voluntarily to choose between staying at home upon their little farms and

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working for European farmers — a choice which at present they do not have.

In order to meet the first of these needs, the Kenya Government would do well to study the proposals of the Southern Rhodesia Land Commission giving natives the exclusive right to purchase land in certain areas adjoining existing native reserves — a proposal, adopted in a modified form, at the last session of the Union of South Africa Parliament. The Kenya Government could likewise profitably study the Transkei system in South Africa, under which a native reserve is given a budget of its own, financed by local native taxes, which supports, under the control of the Governor, a staff of European officers working exclusively for the promotion of native agriculture, animal husbandry, education and health. Outside the reserves, European administration supported by the customs revenue could care for European needs; inside the reserves, a separate set of Administrators would care for native needs. The power to legislate for the reserves should be transferred from the Legislative Council to the Governor, who should act only after consultation with the native councils — a system also followed in the Transkei district of South Africa. The adoption of these measures would to a large extent remove the native population of Kenya from the pressure of European demands and it would give the natives an opportunity for group development which natives in other British colonies enjoy.

Were such guarantees adopted, the British Government with a clear conscience could eventually grant the European settlers self-government over non-native areas in Kenya, except for one overwhelming fact: the presence of an Indian population which throughout East Africa outnumbers the Europeans two to one. The Indians came to East Africa several centuries before the Englishmen, and at present they dominate petty trade and the crafts. Inspired by the *swaraj* movement in India, they feel that they are as much entitled to political recognition in East Africa as are the Europeans. There was a tremendous outburst among the Indian population in Kenya and throughout the whole of India in 1923 when the British Government finally decided to grant the Europeans eleven elective seats on the Kenya Legislative Council in comparison with five such seats for the Indians. Any proposal to grant self-government to the European communities in East Africa would at once raise the question of

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Indian participation. It is doubtful whether the Europeans would accept any Indian members in the government. But their exclusion might have serious if not fatal repercussions, not only upon the situation in East Africa but upon the relationship of India to the Empire as a whole.

In Kenya the British Government has encouraged the settlement of a British community — it has brought about The Accomplished Fact. But in Tanganyika, a mandated territory which also has a vast highlands area, the slate is as yet comparatively clean. The government has it within its power to restrict or to promote white settlement. It is not necessary to restrict European immigration into Tanganyika. Native interests will be adequately protected if the Tanganyika Government restricts the alienation of land to those areas where there is a *local* labor supply available for European employment without detriment to native development, and if it follows a policy of promoting native agriculture and of rigid neutrality in the matter of labor recruiting.

In Tanganyika the British Government is pledged under the Treaty of Versailles and under a mandate from the League of Nations to advance the social progress of the native inhabitants. It is specifically pledged to respect native interests in the land and it is forbidden to resort to compulsory labor except for essential public services. For the fulfillment of such obligations, the British Colonial Office is responsible to Parliament; but it knows that no parliament will vote a ministry out of office upon a colonial issue. Consequently it is much easier to give in to an interested minority on the spot than to disinterested sentiment in England. The supervision of British obligations in Tanganyika rests, however, with another body — the Mandates Commission of the League of Nations. Unlike a parliament with its multitudinous activities, this body has one job — to see to it that the provisions of the Mandates are enforced. A Colonial Office debate in the British House of Commons seldom gets into a foreign newspaper, but when the Mandates Commission speaks, it speaks with a united voice upon a single issue and in a forum where the whole world may listen. The future of East Africa may therefore rest with the League of Nations.

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FOOD AND RACE

By Victor G. Heiser

IN the light of our modern knowledge of nutrition, it is interesting to speculate on what form the human body might have assumed if, in its beginnings, it had encountered other food than that which determined its destiny, and whether modifications of racial types might still be made by alterations in dietary habits.

There is much evidence to show that in the evolution from amoeba to the higher forms of animal life the various steps were influenced by nutrition. If this hypothesis is granted, we have at least one explanation for the different physical types of the people inhabiting the earth. Are the Japanese, the Javanese, the Chinese and other Oriental races short in stature because of their preponderating rice diet? Are the Polynesians, the larger types of Africans, or the northern Europeans, taller in stature because they hit upon a dietary that resulted in greater growth? There is testimony that this may be the case.

It has been shown, for example, that the size of a rat, and in a measure its characteristics, may be determined by the chemical constituents of its food. The rat has proved a valuable experimental animal. It is an omniverous feeder in that it takes both animal and vegetable food, and although its life cycle is only about three years many of its metabolic processes have been found to resemble those in man. The effects of food upon the rat are often analogous to those upon man and therefore have thrown much light upon nutritive results. Professor McCollum, of the Johns Hopkins School of Hygiene and Public Health, has demonstrated by experiments, repeated again and again, that if a litter of eight rats is divided into two groups of four each, and one group is fed upon a diet consisting of distilled water and whole wheat, and the other group upon exactly the same quantity of distilled water and whole wheat, with an addition of a few turnip or beet leaves, each rat in the first group will attain only the size of a large mouse, whereas the rats in the second group will attain nearly double the size of those of the first group. Except as to size, so far as can be ascertained, the rats in both groups are normal in all respects.

Notable contributions have been made to this hypothesis by the Japanese scientists who are testing on human beings the knowledge that has been gained in the laboratory. In Tokyo a

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few other foods are being added to the regular school lunches of a group of children. This trial, extending over several years, has already shown that the school children receiving a diet augmented by food used by the taller races are several inches taller and weigh several pounds more than children on the normal diet of the country. Similar results followed trials with a group of children in Baltimore who were placed on special diets. It is reasonable to infer, then, that the Polynesian's greater stature is due to his having availed himself of food containing substances that are missing in the ordinary Japanese diet. Nor are these isolated instances.

Colonel McCarrison, of the Indian Medical Service, was struck by the fact that the average stature of the Sikhs and Patans was markedly greater than that of the Madrassis and other peoples of India, notwithstanding that all these peoples apparently lived under the same conditions of filth, squalor, and poverty. Further investigation showed, however, that while the diet of the Sikhs and Patans had the same limitations as to quantity, it differed markedly in components. The two former groups took milk in the form of kurds and cheese, leafy vegetables, and a small amount of animal food — materials which were lacking in the general Indian diet.

In order to ascertain whether diet was responsible for the difference in stature, Colonel McCarrison performed some interesting experiments. He fed half of a litter of rats on Sikh and Patan diet, and the other half of the litter on Madrassi diet. The groups receiving the Sikh and Patan diet attained great size, and the group on the Madrassi diet remained small. He repeated the test many times with similar results. He then enlarged the experiment and had rats serve, so to say, as international representatives. He fed groups of them on the characteristic diet of the less favored and ill-nourished English workman, and other groups on the habitual diets of the Japanese, the Filipino, the Javanese, and a number of other races. Again the individuals of the Sikh and Patan groups were of huge size with smooth coats and gentle demeanor; those of the English group attained nearly the same size as those of the preceding groups, but they had rough coats and were of a combative disposition. The Japanese, the Filipino, and the Javanese groups were small in stature, and displayed many of the characteristics of those nationalities.

While no doubt there may be other factors involved, these ex-

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periments naturally raise the question as to whether food is not largely responsible for the varying characteristics of the races of mankind. This leads to interesting speculation as to what the histories of the various races might have been had they chanced on a different dietary, and whether changes in national diets will change national characteristics in the future.

II

Whether definite deductions are warranted from the foregoing facts may be open to debate, but there is no question that nutrition is directly responsible for certain diseases. It is generally conceded that many diseases gain a foothold through lowered resistance. And lowered resistance, in turn, is often produced by malnutrition.

Beriberi, a disease peculiar to the Orient, and one that alone causes annually over 100,000 deaths and makes millions ill, has until very recently been most baffling in its etiology. It is now definitely known to occur among those whose staple article of diet is white rice. It is easily prevented by substituting natural dark rice for the polished variety. The outside of the rice grain contains substances (vitamin B) which are essential for maintenance and repair. When rice is white, it means the outer layers of the grain have been removed through a polishing process. In the absence of this outer layer, needed nutrition is withheld and paralysis and grave circulatory disturbances follow. Experience has conclusively shown that when dark rice is used, beriberi does not occur.

In our Southern States pellagra is a disease which seriously affects the health and lives of thousands. It occurs only in the inadequately nourished and is commonly found among those whose staple article of diet is corn which does not contain all of the substances necessary to nourish the body properly. In the relief work which was done among the victims of the recent Mississippi floods, special precautions have been taken to provide a diet which would decrease the danger of pellagra among the sufferers.

It has been a common observation for ages that the crews of sailing ships making long voyages were subject to scurvy because of the absence of vegetables from their diet. Empirically, lime juice was believed to be a corrective, and all British ships were required to carry it in their stores — hence the name "Lime Juicers" or "Limeys" as a synonym for British sailors. It is now

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known definitely that when citrus fruit and vegetables are added to the diet, scurvy does not occur.

Certain forms of ophthalmia, which sometimes manifest themselves in the form of night blindness, have been found to be due to a lack of vitamin A in the diet. In the World War this deficient diet was a serious cause of disability among the Russians. One of the dangers of industrialism in China has recently come to light among a large group of factory operatives who were given subsistence by their employers. Although the food supplied was adequate in quantity, it did not contain the essential components required by the body, and large numbers of cases of partial blindness occurred among the workmen.

Various forms of skin diseases can be experimentally produced by withholding certain nutritive substances from the diet. Skin diseases among children are often due to this cause. Japanese scientists have shown that stones in the gall bladder or kidneys may be caused by omitting certain constituents which go to make up vitamin A. The Japanese have also in their research work produced gastric ulcers by means of deficient diet and have promptly healed these ulcers by substituting an adequate diet. If they persisted with the diet that caused the gastric ulcer, they were able to change the ulcer into cancer. But no corrective diet has had any influence on the cancers so produced.

At the time the World War began, the tuberculosis rate in Germany and Austria compared very favorably with that of other countries. As food became scarce there was great restriction in its variety and it definitely lacked the substances which are known to be essential to human economy. The records show that tuberculosis steadily increased in these countries until 1920, and when the diet again contained the customary nutritive values, the infection rate rapidly declined. By 1925 the rate had reached pre-war figures, yet the German and Austrian authorities point out that the housing conditions were as bad as, or worse than, during the war and that overcrowding had not been relieved.

Laboratory evidence that diet is intimately associated with virulence of infection has been brought forward by Professor Lloyd Arnold of Chicago. He has shown that if mice are fed upon a diet deficient in vitamins, and inorganic salts are then injected with a definite quantity of virulent bacteria, the mortality among them is approximately 50 percent. If mice of the same litter are given an adequate diet and injected with the same

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quantity of virulent organisms as the first group, the mortality is only 10 percent. This evidence might well explain the high incidence of tuberculosis among the Germans and Austrians following upon the restriction of their food supply.

It may be that the seemingly direct relationship between cause and effect in the instances here cited does not necessarily follow. Many other factors may be involved. For example, rickets is known to be associated with a deficient diet, and it may be prevented or cured by administering cod liver oil. It may occur, too, in a child that has been fed upon milk from a cow that has been kept in a dark stable. In this case the condition may be corrected by the use of milk from a cow that has been exposed to sufficient sunlight. However, milk of the former type, if it is subjected to violet rays or if the cow from which it is obtained is subjected to violet rays, may acquire the desired essentials.

On the whole the foregoing facts would seem to warrant the deduction that nutrition is concerned in producing various types of the human race and in maintaining their health. As knowledge with regard to the effects of food upon man increases, it is more than conceivable that the races that first avail themselves of the new values of nutrition may decrease the handicaps of disease, lengthen their lives, and so become the leaders of the future.

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HOW THE HUNGARIAN FRONTIERS WERE DRAWN

By Harold Temperley

I

THE question of the existing frontiers of Hungary has been revived. Count Bethlen himself clearly deprecates the raising of the question at this stage, but the less responsible leaders of political thought in Hungary continue the agitation. In England they have captured Lord Rothermere and the *Daily Mail* for their campaign, and Mr. Lloyd George, who apparently sympathizes with it, has volunteered the statement that he "was not a member of the Conference" and was "not cognizant of the grounds upon which the existing frontiers (of Hungary) were determined."[1] As they were actually published to the world on June 13, 1919, when Mr. Lloyd George was still at Paris, this assertion testifies to the remarkable ignorance on the subject displayed not only by the uninstructed public but even by those who ought to know better.

Like all other frontiers, except perhaps the Turkish, the frontiers of Hungary were drawn with a view to permanence. That is, they were meant to be final in principle though liable to modification in detail. But there was an important difference between the German and all other enemy frontiers. The German frontiers were based on the avowed legal obligation imposed by the principles of President Wilson. The other frontiers were based on a moral and not a legal obligation to conform to those standards. And in diplomacy, in Europe at least, the difference between a moral and a legal obligation is very great.

The Allies made an offer to Germany to make peace on the basis of the "Fourteen Points" and other speeches and addresses of President Wilson in 1918.[2] Germany accepted this offer by sending delegates to negotiate an Armistice with the Allied Military Advisers, which was intended to be of a purely tech-

[1] See *Daily Mail*, Sept. 8, 1927, and my article thereon in *National Review*, Dec., 1927.

[2] I abbreviate the more strictly legal title of the Allied and Associated Powers, i. e. the United States, Great Britain, France, Italy and Japan. Also, I shall use the phrase "Fourteen Points" for the sake of brevity in future; the fact that other speeches, etc., were included is often overlooked but in reality is very important.

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nical character.[3] In all the other treaties the procedure was different. The other enemy Powers laid down their arms on the basis of unconditional surrender. For instance, the Armistice with Austria-Hungary, which was signed on November 3, 1918, was purely military and had no reference to the "Fourteen Points." Austria and Hungary separated from one another and ten days later a military convention was signed between the Allies and Hungary alone. This again was purely military and the line behind which the Hungarian forces were to retire was also purely military. Hungary had indeed become an independent state, but she had collapsed completely before her conquerors and had to accept any terms which they imposed.

President Wilson declared that, so far as the United States was concerned, he was legally bound by his "Fourteen Points," but the other Allies soon showed that they could accept no such legal obligation. Great Britain and France were committed to Italy by the Secret Treaty of London of 1915, which promised to cede to Italy large areas inhabited by Jugoslavs and Germans. This treaty was based clearly on strategic considerations and openly violated the claims of ethnic justice and national self-determination. At a discussion for settling the terms of the German Armistice on November 1, 1918, the Italian Prime Minister announced that he made a reservation as regards the Ninth Point of President Wilson, "A readjustment of the frontiers of Italy along clearly recognizable lines of nationality." Mr. Lloyd George supported him and carried the proposal that the German Armistice negotiations should exclude all matters not strictly German.[4] As no offer of political terms was made to Austria-Hungary collectively, or to the two component states separately, the Allies were not legally committed to dealing with them on the basis of the "Fourteen Points."

When in 1919 the Allies produced the Treaty of London, along with other secret Treaties, they maintained that they were bound by them, inasmuch as they preceded the "Fourteen Points." These pledges definitely prevented a wholly ethnic settlement with Austria. Curiously enough they did not prevent it with Hungary. A secret treaty had been signed with Rumania as the price of her entry into the war in 1916. But the Allies ultimately held

[3] A clause about reparation was ultimately inserted in the Armistice, but this does not affect the main principle.

[4] See Mermeix, "Les négociations secrètes," (Paris, 1921) pp. 228–9. Signor Orlando's reservation was not made public till April, 1919.

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that she had abrogated this treaty by making peace with the enemy in 1917.[5] So, while the Allies held that they were not legally bound to apply the "Fourteen Points" to Hungary, they nevertheless were not compelled by any secret agreements to depart from a settlement upon ethnic and national lines.

Shortly after the Peace Conference met, two Commissions on frontiers were appointed, named respectively the Czechoslovak and the Rumanian, and these in fact determined the fate of Hungary. The smaller Allied nations — Jugoslavs, Czechoslovaks, and Rumanians — presented their case first to "the Ten"[6] and then to these two Commissions. The two latter bodies framed their reports, which came before the Ten in May. Subsequently some alterations took place but in the main the recommendations of the Commissions were adopted. Their personnel varied a good deal at different times, but each Delegation had the ethnic, military and geographic sides well represented. The American representatives did not appear encumbered by instructions and generally though not always sought a settlement on ethnic lines. The British representatives followed similar principles, but the diplomatist (in the shape of Sir Eyre Crowe or one of his assistants) was always to the fore. If the French delegates had any instructions they did not reveal them, but the brilliant M. Tardieu and General LeRond plainly favored liberal treatment to the Jugoslav, Czechoslovak and Rumanian claims. The Italian delegates were fond of asserting that they had strict instructions. To judge from the line they took the strictest appeared to be to draw the Hungarian frontier, when it touched Jugoslavia, as much to the disadvantage of the latter as possible, and also wherever possible to leave all strategic posts of importance in Hungarian territory. This produced lengthy, if futile, resistance to the completion of the labors of the Rumanian Commission, but did not ultimately do much else.

No event affected the frontiers of Hungary more decisively than the Socialist revolution which broke out at Budapest in April, 1919, and enthroned Béla Kun as dictator. It was partly a socialistic experiment, partly a nationalist Hungarian protest against the gradual advance of the Czechoslovak army from the north and of the Rumanian from the east. Béla Kun finally sent

[5] Italy alone — because of her own secret treaty — showed a desire to uphold the Rumanian Treaty, but she was ultimately overruled.

[6] "The Ten" included the "Big Four" and their respective Foreign Ministers. As M. Clemenceau was President of the Conference, M. M. Pichon and Tardieu represented France.

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forces to attack both Czechoslovaks and Rumanians, and it was this action that forced the Big Four to come to a decision regarding Hungary's new frontiers [7] and order Béla Kun to retire behind them. This was the true and final decision. And the *finis Hungariae* — the end of the old heterogeneous Kingdom — was decreed on June 13, 1919, while the "Big Four" were still at Paris.

II

The negotiations directly preceding the signature of the Treaty of Trianon had no effect in changing the frontiers. The Hungarian Delegates were confronted with accomplished facts. In the resultant correspondence the Allies carefully avoided committing themselves as to any legal obligation under the "Fourteen Points," and, so far as possible, avoided discussion on ethnic and national questions.

The Hungarians demanded a general plebiscite in the case of all areas which it was proposed to detach from their Old Kingdom. This was categorically refused. But the grave difficulties in which the Great Powers found themselves ought to be stated. They had not conceded the extreme claims of the Czechoslovaks, Rumanians or Jugoslavs, and had thus bitterly offended all three. But they had publicly conceded permanent frontiers to the first two, and in effect also to the third. They had proclaimed this fact in their communication to Béla Kun on June 13, 1919. In August 1919 the Rumanians openly defied the advice, remonstrances and orders sent them from Paris. They entered Budapest, sacked and plundered it of all they could carry away, and only left it when they chose. The lesson was not lost on the other minor Allies. If any large revisions of the frontiers actually already conceded to Rumania and the rest in 1919 were contemplated in 1920, how were they to be made effective? Clearly only by summoning Marshal Foch and resorting to arms. This was not practicable in 1920. Neither the support nor the arms of the United States could be relied on, Italy and France were at variance, Great Britain had so overdrawn her military account that she could not even supply her promised quota of troops for the plebiscite in Upper Silesia. It is doubtful, too, if public opinion in any of these countries would have sanctioned an armed coercion of the minor Allies in the interest of an enemy.

[7] For technical reasons the decision on the Jugoslav frontier was temporarily delayed, but the main line had been fixed and was not altered later except in a few details.

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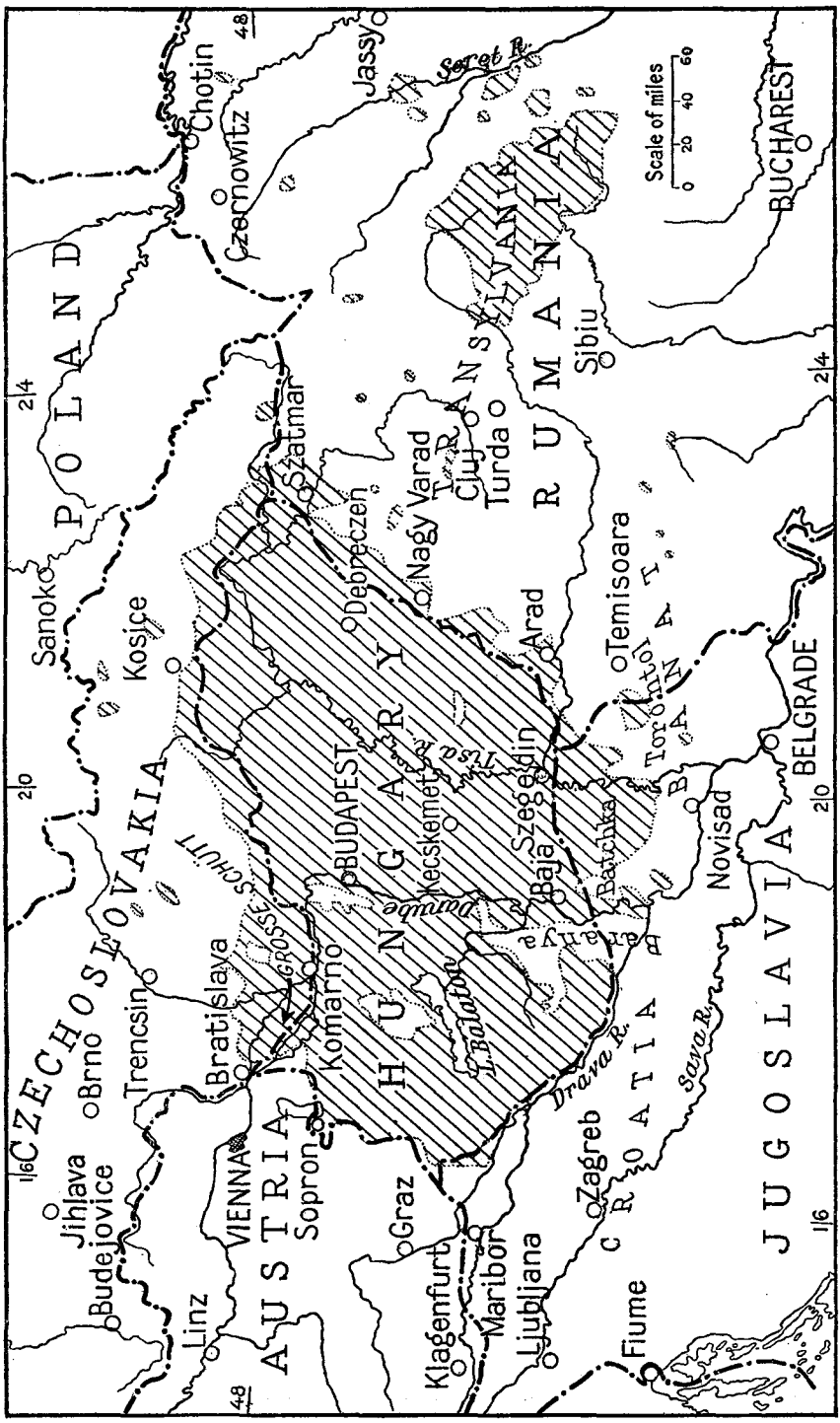

THE PRESENT FRONTIERS OF HUNGARY
Shaded areas are those where fifty percent or more of the population are Magyar

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It is in this light that we must regard the great demand put forward by the Hungarian Delegation for a plebiscite in all disputed areas. The demand was a clever one. Hungary, knowing what the frontiers already were, had nothing to lose if the plebiscites confirmed them. And a refusal of plebiscites exposed the Allies to criticism. In all probability this demand would not have been conceded by the Allies even at an earlier stage. But it was unthinkable in 1920. In their "Reply to the Hungarian Delegation" the Allies contended that the parts now separated from Hungary had fallen off of their own accord and had thus settled the matter by an informal sort of election or selection. This contention, though open to criticism, contained a good deal of truth and seemed at the time a good deal truer than it was. For the Great Powers undoubtedly mistook the fear of Bolshevism manifested in some of the disputed areas for a sign of a desire on the part of those areas to escape from the Magyar rule.

The smaller Allies naturally had no desire for a plebiscite. It must be conceded that both issues and populations were so mixed and intermingled in both the Batchka and the Banat that the result sometimes might not have been favorable to the Allies. Again, in certain regions the question would have had to be, do you wish to be a Jugoslav, a Rumanian or a Magyar? Such a triple question is impossible, for a plebiscite which presents more than "Yes" or "No" to a voter is certain to cause confusion. Then, too, the method of the plebiscite, whether by communes or by districts, would have mattered much. But apart from all these considerations the minor Allies contended that the areas in question rightfully belonged to them, that they were largely in possession, and they were not going to vote about them. The Great Powers had no resource except to accept this view.

III

The guiding principle of the Czechoslovak Commission obviously was expressed in one word — "viability." It was no use creating a new nation-state at all unless it could live; and the new nation could not live on Czechs and Slovaks alone. Their racial distribution was so curious and intricate that many Germans and many Magyars would have to form part of their body politic if there was to be any body politic at all. Czechoslovakia was bound in any case to be a patchwork quilt of different nationalities. The Commission were not to blame for throwing

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some Germans and Magyars into the *pot-pourri*. That is not the question; they could do nothing else. The question is whether they threw more than was necessary to make the new State "viable."

The Czechoslovaks started by demanding a "corridor" which would reach to the Jugoslav state, thus putting Czechoslovakia in direct territorial touch with a friendly state and facilitating access to the sea. The demand was made to meet the old difficulty that Bohemia has never had a sea-coast except when Shakespeare gave it one in "The Winter's Tale." The corridor proposal was almost equally fantastic. It soon was dropped in favor of a demand for a port on the Danube, which would provide Czechoslovakia with access to an international river, if not to the sea. Pressburg (Pozsony) was a half-German, half-Magyar town, the seat of the old Hungarian Diet and of historic memories. It was assigned to the Czechoslovaks and by them renamed Bratislava. This action, whatever the ethnical arguments, had a good deal to be said for it, but the addition of a large territory to the south-east (the so-called island of the Grosse Schütt) had nothing in its favor. It was only reluctantly that both British and American delegations acquiesced in the decision about the Grosse Schütt, for which no real defense can be found.

The union of Slovakia to Bohemia raised problems of great difficulty. It was known that the Slovaks had been both despised and oppressed by the Magyars in the past, but the difficulties of combining a slow, religious and agricultural population with the active, industrial and rather secularizing Czechs was not then understood. No one doubted that they preferred to be ruled by the Czechs rather than by the Magyars. This conclusion was probably correct. But this did not alter the fact that the Slovaks had for many centuries been united to the Kingdom of Hungary, and that the intermingling of races rendered it difficult to draw a good ethnic line to the South. The line ultimately drawn was certainly very favorable to Czechoslovak interests.[8]

The Jugoslav frontier, starting from the extreme west of Hungary, follows an evident ethnic line eastward to near the junction of the Rivers Drave and Danube. Where the Drave

[8] It should be mentioned that an area to the extreme east of Czechoslovakia was inhabited wholly by Ruthenes. These were assigned to her on the ground that the inhabitants had been ill-treated and denied educational facilities in their own language by the Magyars. This was true, and the Czechoslovak Government has undoubtedly given them more liberal treatment. It was not perceived at the time, however, that the economic connections of this Carpatho-Ruthene area were all to the south and with the new Hungary.

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joins the Danube the triangular space between the rivers went to Jugoslavia. There is, however, some ethnic justification for this. The important adjacent town of Pecs, with its valuable coal mines, was long occupied by Jugoslav troops. Nevertheless it was not only returned to Hungary, but the adjacent heights were so divided that no strategic advantage was granted to Jugoslavia.

After crossing the Danube the frontier swings upward, penetrating quite deeply into Magyar areas which could not be claimed upon ethnic grounds. The claim here was primarily strategic and is practically the only instance of such a concession. The old Serbian capital of Belgrade was so near the frontier that in former days any threat of war by a neighboring power produced an extreme state of nerves in the capital. Belgrade is now free from this danger for she has secured an ample *tête du part*. As both Magyars and Rumanians are thickly scattered in the Batchka and the Banat, Belgrade was given her protective half-circle at the expense of Hungary to the north and of Rumania to the east. The concept is sound, though the extension of it is perhaps too wide. Jugoslavia is given no offensive advantage in case of war with either neighbor, but spatial security strengthens her defenses. During 1919–20 there was a period of tension between Jugoslavs and Rumanians, and the possession of an ample *tête du part* by the former undoubtedly worked for peace.

The thrust forward of the *tête du part* in front of Belgrade carried almost as far as Szegedin. Just beyond, the Jugoslav frontier meets the new Rumanian frontier, which runs north and east in a long, irregular line. It includes within the new Rumania three well-known Magyar towns — Arad, Nagy Varad (Grosswardein) and Szatmár. It is generally agreed that the real ethnic frontier lies much farther eastwards and excludes the strip in which these towns are situated. Hungarian wrath is mainly concentrated on the cession of this area (which we may call the Arad-Szatmár strip) to Rumania. However, the protest is based on some misconception. Strategy had nothing to do with the decision, for in fact the railway line is uncomfortably close to the frontier of Hungary, which in case of war could cut it at once. Hence it differs from the cession of the Batchka to Jugoslavia under the *tête du part* scheme.

It is not the case, as is often and ignorantly contended, that the Wilsonian principles prescribed the drawing of frontiers on ethnic

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principles alone. President Wilson admitted the importance of economic arguments and more particularly the principle of "economic viability." Without economic self-sufficiency and railway conveniences, the "well-defined national aspirations" of Czechoslovakia, for example, could not have been realized. The cession of the Arad-Szatmár strip to Rumania likewise involved the question of economic viability. To the north in the Carpathians lay a large and undoubtedly Rumanian population. Immediately between them was the Arad-Szatmár strip peopled with Magyars. The northern group of Rumanians could only be fed from the rich plains of the south, and their sustenance was carried by the railway through the Arad-Szatmár strip. If the Magyars retained this railway, everybody knew that the food supplies to the north would be subject to vexatious tariff or police obstruction and that supplies might be actually endangered. There was no way out of the difficulty except to build another railway line far to the east — behind the ethnically Rumanian frontier. This was extremely hard. It would have run a tortuous way between the foothills of the Carpathians, and would not have been built in any reasonable time. The argument about violation of racial or ethnic principles is really misleading. No one denied that violation at the time. What the Allies said was that in this case economic necessity was a more compelling force than ethnic justice.

The argument now popular among apologists of Hungary, that the Allies fixed on frontiers in ignorance of the true racial character of the lands in dispute, is totally untrue. Perhaps Mr. Lloyd George was ignorant; his later utterances certainly lend color to this view. But the recommendation on which the line was drawn was agreed to by various experts of the Four Great Powers. When the report was presented there therefore was not a prolonged discussion either by the Ten or by the Four. But in the case of the Rumanian Commission's report, Mr. Lansing asked some pertinent questions which showed clearly that he appreciated the difficulty caused by the cession of the Arad-Szatmár strip. M. Tardieu, one of the French Plenipotentiaries, was himself a member of the Commission. Baron Sonnino and President Wilson were also fairly conversant with the arguments in favor of the new frontiers of Hungary. The Allies never admitted that they were legally bound to apply President Wilson's principles to Hungary. The acquiescence of the American Delega-

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tion in these frontiers must therefore be considered as an argument in their favor.

IV

The difficulties in the way of any revision of the Trianon frontiers are very great. Efforts by Count Bethlen to cool the agitation show no sign of being successful. Lord Rothermere has been encouraged in his campaign by a vote of thanks to which a million Hungarian signatures are said to have been appended. But while the ardor of Hungarians to recover their lost territory is great, their discretion is not so apparent. On the face of it the campaign is merely for an adjustment of frontiers on more closely ethnic lines. It is to be recalled that the Magyars never stood for any such frontiers before 1914. They always insisted on ruling something like fifty percent of aliens. What reason have we to suppose that they will not wish to do this again?

Neither the recent utterances of Magyar statesmen nor their citations of racial statistics are particularly reassuring. The old Magyar statistics have often been assailed as fictitious, but the claim is hard to sustain. It implies that a percentage of falsification (say five percent in favor of Magyars against other races) has been made consistently in all four of the censuses that have been taken since 1880. This is not on the whole probable, and, in any case, such a percentage does not amount to very much. It is important to note, however, that Dr. Valko, Hungary's Foreign Minister, in a recent interview with the London weekly, *European Finance*, is reported as stating that there are nearly 2,000,000 Magyars in Rumania, 1,000,000 in Czechoslovakia, and 1,500,000 in Jugoslavia, or a total of 4,500,000 Magyars outside Hungary. According to the only figures which seem to me correct there should be respectively 1,550,000, 955,000 and 560,000 — or a total of 3,065,000 Magyars outside Hungary. If we add to undoubted Magyars the whole Jewish population of the old area,[9] we reach a figure of just over three and a half millions — or, allowing a margin of 200,000 for normal increase and possible error, a maximum of 3,700,000 Magyars placed by the Treaty of Trianon under alien rule. This is certainly a pretty generous estimate. Yet, according to the Hungarian Foreign Minister, the figures should be eight hundred thousand more than this!

[9] Jews in New Hungary, 460,000. Jews in territories separated from Old Hungary (not including Austria), 448,000. Of course by no means all these Jews would be pro-Magyar.

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Such a total is quite impossible and we can only hope that Dr. Valko has been misreported.

In addition to this we learn that Count Apponyi recently attended a banquet to celebrate the birthday of the Hapsburg claimant to the Hungarian throne — "King Otto." Count Apponyi reminded his audience that the Hapsburgs still claimed the thrones of Austria and Bohemia. The report of this speech has been accepted as accurate. Count Apponyi, though not indeed a member of the government, is the first man in Hungary and was her chief representative at the signature of the Treaty of Trianon. His present utterance seems to go far beyond a detailed revision of that treaty and suggests that any revision would merely be a prelude to further and sweeping changes. When Count Apponyi speaks thus, and when the Foreign Minister makes a blunder of near a million in his statistics, we can hardly wonder if Rumania, Jugoslavia and Czechoslovakia loudly assert that to give an inch to the Magyar means that you encourage him to take a league.

The Hungarian Frontiers Readjustment League devotes No. III of its recent publications [10] to denouncing the Allied Delimitation Commission because it has made only very small changes in the original trace of the Trianon frontiers. Article 29 of the Treaty of Trianon gave the Commissioners far more extensive powers for revising the Hungarian frontier than they have used. Now Article 29 of that Treaty is practically the same as the equivalent article in the Treaties of St. Germain, Neuilly and Sèvres. But the Allied Reply to the Hungarian Observations on the Treaty of Trianon allowed the Delimitation Commission to take into account "ethnic and economic considerations" in revising the frontiers and gave a possibliity of appeal to the "good offices" of the League. A careful study of this article when correlated with the correspondence seems to show that this was intended to mean something a little more than was conceded under any other Treaty. If close to the border a village were separated from its market town or a mine from its mining centre, there would be a case for rounding off the frontier in favor of Hungary. Even so, however, such rectifications were only meant to be applied to relatively small areas and to areas *adjoining* the frontier as traced at Trianon. The wording clearly does not authorize the Commissioners to consider areas at a distance from the frontier, nor was it under any circumstances intended to authorize them to sanction

[10] Budapest: Hornyanszky, 1927.

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the wholesale transfer of large populations or important towns. That was clearly far beyond the powers of a *Delimitation* Commission.

Publication No. III is therefore not very convincing when it seeks to awaken indignation against the Delimitation Commission. It admits that, as a result of an appeal to the Council of the League, "two small and purely Magyar villages" were "re-attached to the mother-country." It complains that the Allied Delimitation Commission rejected the Hungarian demand for the restoration of the great city of Kássa, which, together with a lateral railway line, lies a good many kilometers north of the present Czechoslovak frontier. It is hard to see how anyone could have imagined that a demand for its restoration came within the terms of reference of the Delimitation Commission. It was not they, but the statesmen at Paris, who were responsible for refusing this demand. The fact that it has been put forward by the Hungarian Government and endorsed by the Frontier Readjustment League must shake our belief in the "unbiased" character of the latter body. It is just about as "unbiased" as the Hungarian Government.

On one point, however, the Magyars have a strong case. The "islets" of Magyars well behind existing frontiers and enclosed within seas of Slavs or Rumanians were to be protected in the use of their language and religion and were not to suffer for their Hungarian nationality. Such protection was embodied in Minorities Treaties, signed alike by Czechoslovakia, by Jugoslavia and by Rumania, fully pledging the Powers in question. An immense mass of complaint against the execution of these treaties has been heaped up by industrious and militant Magyars. Much of it is clearly tendentious and partisan, especially in regard to the Czechoslovak régime. Moreover — and it is important to note the fact — the Jugoslav and Rumanian areas of Hungary are inhabited mostly by peasants. And the Jugoslav and Rumanian Governments since the war have distinguished themselves by breaking up big estates, dispossessing great landowners, and establishing peasants on the land. Of course the Jugoslav and Rumanian peasants get the best of the land, but Magyar peasants seem to share in these gifts, at any rate in Jugoslavia. The claim of Magyar landlords for enormous sums in compensation because their estates have been broken up is not likely to endear them to Magyar peasants. But when all is said, there is evidence for an

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amount of persecution of racial and religious minorities, especially in Rumania, which is alike distressing and disturbing. It is quite possible that no good government would reconcile these enclaves of Magyars to alien rule. But it is quite certain that no bad government will. The situation is difficult, but the League, with its possibilities for inquiry into the grievances of minorities, affords a remedy. It is indeed the only one. For, however reasonable may be rectifications of frontier along the border, and however extensive these may be, there are many islets of Magyars (as Torontal in the Banat or Szeklerland in Transylvania) which will in any case remain separated from Hungary. In the League and in publicity lies their only hope of protection against wrong.

One argument for revision which was foremost at an earlier stage seems less prominent now. It was urged in 1920 that the lopping off of the various outlying parts of Old Hungary spelt economic ruin to the new state. This argument has not proved sound in fact. Lord Rothermere and his friends destroy their own case by arguing against the economic soundness of Czechoslovakia and at the same time boasting of the economic soundness of Hungary as it stands. The "economic viability" of the New Hungary seems to be proved by its superiority in credits, certainly as against Austria and perhaps as against the Successor States generally. This argument tells against frontier revision. If New Hungary, mutilated as she is, is sounder financially and economically than her mutilators, it is the latter who must be protected against further change. In point of fact the economic argument has been dropped by Hungarian propagandists for a very good reason. If economic arguments are to outweigh ethnic ones, the Arad-Szatmár strip should remain with Rumania. But it is the dearest object of Hungary to regain this area, and on ethnic grounds her claim is as good as it is bad economically. So the ethnic argument is at present the only one which Hungary can dare to use.

The various arguments have now been examined and it remains to inquire whether any practical suggestions for revision can be made. It may be taken as certain that the Successor States will not, in practice, agree to any extensive restorations, or indeed to any restorations at all, unless these revisions are going to be accepted by the Magyars with gratitude as a final settlement. It is not clear that the Magyars will do this in any case. But at least a few suggestions may be here made.

Let us take the Jugoslav frontier first. The Baranya, that tri-

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angle between the Drave and the Danube, raises one problem. The Jugoslavs were lucky to have the frontier drawn as it was at this point, but there are real technical difficulties in taking the rivers as boundaries and the advantage of making any change is not obvious. The Batchka, from below Baja to near Szegedin, is now in Jugoslavia. But the Magyar claims to it are not very convincing. Of 126 parishes in the Bács-Bodrog area 44 are German, 41 Slav and 34 Magyar. No one proposes to erect an independent German state here, and the Slavs are numerically more important than the Magyars. Ethnographically the Batchka is a "no man's land," and why should the Magyars, who are the numerically weakest majority, have the area restored to them? No one seriously proposes to restore Belgium to Germany because of the Teutonic or Flemish minority. The same arguments hold regarding the division between Jugoslavia and Rumania of the area further east, known as the Banat.

On the Rumanian frontier, the restoration of the Arad-Szatmár strip to Hungary can be urged. To meet the need of the Rumanians in the north an indented railway might be constructed among the foothills to the east, but this would be difficult and expensive. The Hungarian Government might offer to do it, and to pay for it, on condition that when completed Rumania will return to her the Arad-Szatmár strip. Such an offer would be easy for Hungary to make and difficult for Rumania to refuse.

Czechoslovakia offers more difficult problems. The Ruthene area in the extreme east undoubtedly suffers by lack of economic connection with Hungary. Two solutions are possible. The Ruthene area might be taken over and wholly administered by the League of Nations, or its economic policy and communications might be wholly entrusted to the League. Thus, while Hungary would not increase her territory, all grievances against Czechoslovakia would be removed.

The chief evil of the whole Hungarian settlement was the cession of the Grosse Schütt to Czechoslovakia, and it would certainly be an advantage if this island were handed back to Hungary. Furthermore, a careful reëxamination of the whole frontier between Czechoslovakia and Hungary would reveal cases where small Magyar areas could safely be handed back to Hungary. The chief difficulty lies in the fact that the administrative boundaries do not fit the ethnic ones. Counties are mixed, that is, are not wholly Magyar nor wholly Slovak. But parishes are not mixed.

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Each parish is normally the unit of one race, Magyar or Slovak. Hence the frontier could be differently drawn so as to restore a number of Magyar parishes to Hungary without much deranging the Czechoslovak state. This, and the restoration of the Grosse Schütt, would be a substantial measure of justice.

On the other hand, in this and in all other cases, there should be no question of restoring territory or revising the treaty before coming to a clear and explicit understanding with the Hungarian Government. The latter would have to pledge itself, before it received any benefits, to cease all revisionist agitation in the future. Nor should these restorations be made until the various governments concerned are clearly convinced of the good faith and moderation of the Hungarian Government. It is not easy to see how such proofs can be supplied. In fact, the Hungarian Government of the moment could not bind its successors. Certainly the politic hesitations of Count Bethlen, the statistical blunders of Dr. Valko, the chauvinistic dreams of Count Apponyi, and the "unbiased" arguments and facts of the Hungarian Frontier Readjustment League are such as to make the boldest pause. If any of these are responsible for the outbursts and arguments of Lord Rothermere, the danger of admitting the principle of revision is obviously greater still. In point of fact, the agitation is badly timed. Rumania, Czechoslovakia and Jugoslavia will not revise the frontier at the present time except under the compulsion of force, and the use of force for any such purpose by the Allies, by Hungary or by the League is at present unthinkable. It is even less likely that it was in 1920.

Ten years hence things may be different. The Successor States will be more stable, more assured of their power, and therefore more conciliatory, both to Hungarian pleas and in their attitude toward their Magyar minority populations. Czechoslovakia has already shown how much can be done by trying to work the Minorities Treaties on an equable basis. Let us hope that by that time all the arguments will have been thoroughly sifted, that the statistics of the Hungarian Foreign Minister of that day will be more accurate than those of Dr. Valko, and that the aspirations of "King Otto" and his followers will be confined at any rate within the limits of Hungary herself. For it is by taking herself seriously that Hungary will persuade others to take her seriously. Until she consents to put forward moderate demands she cannot expect even moderate concessions.

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Statistical Note

The following Tables, compiled by Mr. B. C. Wallis, for my *History of the Peace Conference* (Vol. V, p. 151), show the present distribution of the territory and population of the former Kingdom of Hungary. The statistics of Mr. Wallis, based on an examination of four successive censuses and on estimates of population per village, are usually admitted to be the most correct yet produced. The figures here given are those of the Census of 1910, but the Jews have been disentangled from the mass of nationalities by using the religious statistics. The figures for Austria and Fiume are subject to slight revision in view of later rearrangements.

The first Table gives the area acquired from the former Hungarian Kingdom by the various new states, the percent of the total population of the former Hungarian Kingdom which each acquired, and the actual numbers of persons acquired.

Table II gives racial details regarding the last column of Table I, *i. e.* the numbers of each race incorporated into the various new states out of the population of the former Hungarian Kingdom.

TABLE I

New States	*Square kms. acquired from former Hungarian Kingdom*	*Percent of population of former Kingdom acquired*	*Total population acquired*
Hungary	91,100	36	7,540,000
Austria	4,100	2	330,000
Czechoslovakia	61,600	17	3,560,000
Jugoslavia	62,800	20	4,200,000
Rumania	101,900	25	5,210,000
Fiume	54		50,000
	321,554	100	20,890,000

TABLE II

New States	*Magyars*	*Germans*	*Jews*	*Slovaks*	*Rumanians*	*Ruthenes*	*Jugoslavs*	*Others*
Hungary	6,250,000	480,000	460,000	180,000	50,000		50,000	70,000
Austria	25,000	235,000	20,000				50,000	
Czechosl'a	955,000	120,000	270,000	1,720,000	10,000	430,000	5,000	50,000
Jugoslavia	560,000	460,000	40,000	60,000	70,000	10,000	2,850,000	150,000
Rumania	1,550,000	520,000	138,000	10,000	2,820,000	20,000	50,000	102,000
Fiume	5,000	2,000	2,000				15,000	26,000
	9,345,000	1,817,000	930,000	1,970,000	2,950,000	460,000	3,020,000	398,000

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INTERNATIONAL CARTELS

By Julius Klein

THE international cartel movement is by no means a new phenomenon. There were several such organizations in a thriving condition some years before the war, including the Franco-Belgian group of plate glass manufacturers which was set up in 1904, the borax organization, established in 1899 and comprising interests in Germany, France, Austria, Great Britain and the United States, and the glass bottle cartel dating back to 1907 and including most of Central Europe and the Scandinavian countries. Since the war, however, the movement has taken on several new aspects, the most conspicuous of which is its far greater activity. A widespread and general interest in it has resulted. Indeed, judging from the quantity of literature that has appeared within the last two years and the lengthy discussions devoted to the subject at recent conferences at Geneva and elsewhere, the international cartel has become — at least in the minds of leaders of European thought, both political and industrial — one of the outstanding factors in the rehabilitation of the Old World.

It is well at the outset to have that point definitely in mind, namely, that the underlying motive is clearly and predominantly the elimination of abnormalities within the European business world, and not primarily the forging of a weapon for an offensive against America. Quite conceivably this latter purpose may develop ultimately, but among the dozen or more conspicuously active cartels today (out of the hundred-odd international pooling arrangements which according to some authorities are now in force), the vastly preponderant interest is in the establishment of more orderly marketing conditions on the Continent. Germany, with her more than two thousand domestic cartels (or pools, as they would be called in the United States), has taken the lead in practically all of these movements and it is significant that about 75 percent of her exports find their outlet in nearby European markets. It is evidently the embarrassment arising from the new post-war trade barriers that has stimulated her cartel activities.

Especially with the stabilization of exchange since business began to emerge from the bottom of the 1921–22 pit the de-

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mand for some device for trade control and promotion has been increasing in volume. As the post-war burdens of wartime inflated production increased with declining buying power, and as nationalistic excesses continued to restrict and hamper the restoration of more nearly normal commerce, especially across the five thousand miles of new frontiers recognized by the peace treaties, public leaders generally become more anxious for every possible device which might modify the hostilities and frictions that must inevitably arise.

Hence, from the publicist's point of view, the international cartel was looked upon not simply as a business expedient but as a vital factor in the general establishment of more orderly international relations. This in part explains the declaration of Dr. Curtius, the German Minister of Economics, to the effect that "these great modern economic organisms transcend the bounds of purely private business and have gradually become public institutions with national responsibilities." After all, the movement is but a part of the general trend toward more cohesion among various Old World interests, a reflection of the increasing recognition of the indispensability of collaboration, especially in economic affairs. It is part of the same state of mind which has found expression in various movements for politico-economic unity, such as the Pan-Europa Congress in Vienna in October, 1926, and numerous less pretentious discussions of *zoll-vereins*.

As the impossibility of these more or less fantastic proposals has become increasingly evident, support for the international cartel idea has grown in strength, particularly among the business leaders whose influence in the general European situation has been gathering momentum at an impressive rate within the last two years. In a way, the cartel is a response to the political pronouncements at the series of diplomatic conferences culminating at Locarno. It is also getting support among those who have feared not simply the political perils of the various pseudo-economic pacts, *vereins*, leagues, etc., but who also doubt the wisdom of other devices which political leaders have desperately employed and advocated to rehabilitate the industrial world, notably a succession of subsidies, credit insurance schemes, and subventions, the unlimited costs of which they quite rightly regard with alarm in view of their already overwhelming tax burdens. Practically every European government has tried such subsidizing arrangements; examples are found in the sugar industry,

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civil aviation, steamship lines, industrial fairs, motion picture mergers, timber concessions, guarantees of company securities (in the case of aluminum and paper in Great Britain), and, more pretentious than any of these, a series of very large governmental credit insurance programs for the promotion of export. The strong endorsement given by business leaders to the cartel movement within the last year or two is due in no small measure to their utter weariness with the trade jealousies, the tax burdens and the political implications of most of these devices.

Broadly speaking, the whole European movement toward industrial centralization is being manifested in three different forms: first, through the establishment of international ententes or cartels; second, through the strengthening of international trade associations and other industrial promotive bodies; and, third, through the complete amalgamation of individual enterprises in different countries. The first is the one at present before us. Cartels have been variously defined, but perhaps the simplest way is to compare them with the old-time American pools — loosely knit marketing agreements — usually involving simply the allocation of trade territories, sales quotas, and the establishment of uniform prices. Occasionally in their later forms they have also involved the interchange of technical information and personnel, and even of patent rights, though this is not usual.

Dr. Schumpeter of Bonn has summarized the basic reasons for the foundation of cartels, as follows:

One cause was the loss of foreign markets through the disruption of colonial holdings and of international patent rights. Such losses have of course fallen especially severely upon Germany and her allies. As Europe depends very largely upon foreign trade (which contributes anywhere from 50 to 85 percent of its total business, as contrasted with a range from 8 to 11 percent, according to varying estimates, in the case of the United States), it is obvious that such a loss is far more ominous for Europe than the United States. This fact inspired the establishment recently of the chemical cartel, which bids fair to be the largest of the entire group.

The second cause of widespread international cartelization was, as indicated above, the excessive burden of wartime over-production.

Thirdly, the general business demoralization resulting from de-

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preciated currency, from the adjustments of the reparation problem, and from the deterioration of living standards, served to make the problem of rehabilitation even more difficult and to inspire enthusiasm for every apparently reasonable proposition which might lead to a modification of excessive cut-throat competition. This feeling led to the adaptation of at least some parts of American industrial "rationalization" — in other words, the elimination of wasteful practices in production and distribution and the introduction of certain forms of mass production, standardization, and simplification.

Another potent stimulant of the cartel movement was the derangement of raw material supplies during the war, and of marketing organizations. This was particularly the case with selling organizations lying outside the national borders, which had been among the most valuable pre-war trade assets of all the European nations, notably Germany. The cartel has been looked upon as an effective means of restoring the old ties across the new barriers.

Price stabilization is naturally one of the paramount objectives. In some instances the establishment of the cartels has brought about an increase in prices, under pressure from the less efficient members of the organization who have made it a condition of their membership. This price stabilization has obviously benefited other non-member producers, and in that respect competing American manufacturers for the most part have not viewed the movement with grave concern, at least thus far. However, the announced strategy of several of the organizations is to introduce economies by combinations of sales forces, the curtailment of advertising costs, the unification of shipping arrangements, and improvements in other aspects of distribution, so that if necessary price scales can be lowered in the face of outside competition.

In the case of the Erma (the European Rail Manufacturers Association) no effort has been made to control production directly. The home markets are reserved to the individual producers; and monthly meetings are held where the export trade is divided upon established percentages and the export prices for rails are agreed upon. This particular entente appears to be functioning satisfactorily to its membership and is, indeed, one of the most effective of the present international cartels. There are persistent rumors in European circles that American producers

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are members of this entente, working through the British; but the American companies officially deny it.

The Franco-German potash entente likewise involves a division of markets, price control, and the reservation of home markets, but no production control. This particular organization is in an unusual position, since both governments are involved in it through their control of or participation in the operation of the mines. The chief objective of this group was the elimination of competition among its members in the American market. As indicated in a recent report of the Department of Commerce, the original agreement of August, 1924 was unique in three respects. It involves a monopoly of an essential raw material; it applies only to sales in the United States; and its members are, to all intents and purposes, two sovereign States. There were several subsequent changes, including the expansion of the market allocation to include the world and to assure each member against competition from the other in its own market and in its colonies. There now is also a definite scheme to limit production with a v ew toward further price stimulation.

In their American operations the Alsatian members of the Franco-German potash entente have emphasized their governmental connection, and the French authorities have claimed for them exterritorial privileges. However, the American government has taken exception to this claim. In a letter to the Attorney General, dated July 7, 1927, the Secretary of State points out that the potash organization "does not have any diplomatic or consular status in this country. . . . Agencies of foreign governments engaged in ordinary commercial transactions in the United States enjoy no privileges or immunities not appertaining to other foreign corporations, agencies, and individuals doing business here, and should conform to the laws of this country covering such transactions."

As indicated in the decision of the Supreme Court in the sisal case, the activities of such international cartels in the American market can be effectively curbed, in so far as they represent a monopolization of an essential raw material. In that case the Court regarded the Mexican sisal organization, even though domiciled abroad, as a monopoly in restraint of American trade. It was held to be subject to the provisions of Section 73 of the Wilson Tariff Act, as amended, and, according to Col. Donovan, Assistant to the Attorney General, the decision in this case would

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seem to indicate that such foreign corporations are subject to the anti-trust laws when they participate in an enterprise in the United States that would be offensive under those laws, however innocent their conduct may be in the country of domicile.

The international steel entente, which was established in September, 1926, comprises most of the Continental steel producers. It represents a further variation of the cartel in that it involves definite control of output with penalties for over-production and premiums for under-production. Its price policies, however, have not yet been developed so far as in the potash and rail ententes, a shortcoming which in the opinion of many makes its progress more precarious. The original intention apparently was to establish some form of united sales office for semi-finished products and structural shapes, with unified price policies. This, however, has not yet been realized and the statement has persistently been made that the only effect of the steel cartel has been to shift the fight between producers from the open market to the privacy of the cartel's council chambers. Repeated efforts have been made, the last one in December, 1927, to establish some unified sales policy, but evidently it has been impossible to reconcile the demands for quotas made by the various members of these sales groups. The industries of Germany and Luxemburg demanded allocations based on their exportations over the last three years, while the Belgian interests opposed this arrangement unless allowances were made for the periods of industrial difficulty suffered by them during recent strikes and floods and also for the retarded reconstruction of some of their plants. Similarly, arguments were advanced by the French producers whose plants are not yet completely rebuilt. The members were also unable to arrive at an agreement to keep out of each others' markets. There were also indications that grave difficulty will be experienced when the division of export markets in South America and the Far East is attempted.

These problems are typical of those lying in the way of the cartel movement and indicate all too clearly that even under supposedly favorable conditions in closely controlled industries, or in monopolies under governmental patronage, the problem of closely-knit, unified operations is still far from solution.

The Franco-German dyestuffs cartel is one of the most recent and significant of these newer undertakings. It involves a division of markets, the establishment of export quotas, and an agreement

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upon prices. The export quotas have been fixed at approximately 80 percent for Germany and 20 percent for France on the basis of the average gold value of the dyestuffs exported during 1924–26. Negotiations are under way with British interests, and, if these are successful, it is understood that the export quotas will be redistributed by the assignment of 75 percent to Germany, 12 percent to France, and 13 percent to England. It is said that negotiations are being retarded because of some official British opposition, since dyestuffs are so closely associated with national defense. There is also said to be some disagreement as to the disposition of the colonial trade — whether it should be regarded as trade of Britain's home market or of the general export field.

There have been some rather interesting arrangements made regarding the joint distribution of the products involved in this entente. The Germans are to act as distributors of French dyestuffs in the Far East and the French are to reciprocate on behalf of German products in Spain and parts of Africa. Furthermore, the French agree to refrain from manufacturing certain grades which are to be supplied by Germany. The control bureau which is in charge consists of five Germans and two French, but all important decisions must be unanimous to become effective. Much is expected of these joint distributive arrangements in the way of reducing overhead costs, which according to the officials of the organization should be cut by at least 50 percent. In neutral quarters, however, this estimated savings is considered to be high, and it is thought that 30 percent would be nearer the correct figure. The entente also has brought about the interchange of patent rights and technical aid, within limitations. There has been some intimation recently that the establishment of the entente has encouraged some of its members to take further steps towards a closer amalgamation of the industries through the acquisition of stock, but this is not believed to have made much headway. Industrial circles generally regard the Franco-German dyestuffs accord as but the first step in the development of a chemical entente throughout Europe.

In the case of this chemical group, as in several others, the leadership assumed by the German industries has been possible partly because of their much more highly concentrated control. In fact, the extent of the movement toward horizontal trustification since the inflation period has been brought forth conspicuously in connection with this German leadership in the cartel

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movement. 98 percent of the capital engaged in the potash industry is thus combined within Germany. The chemical industry has 96.3 percent of its capital in the hands of closely controlled combines. Other industries so controlled are: coal mining, 93 percent; electrical manufacturing, 87 percent; iron and steel industry, 80 percent; and insurance, 77 percent. In fact, according to one estimate, only in the wood industry is the portion under such combine control less than twenty percent of the total capital.

The lack of such concentration of control in other countries makes their participation in international cartelization somewhat more difficult. In the case of France, the negotiations for the dyestuffs accord instigated the establishment of a central committee of the chemical union, which is the trade association of that industry in the country. As a prelude to the participation of the Belgian manufacturers, a chemical union was also formed in that country and empowered to speak for its membership in the negotiations with the cartel. A similar merger of Polish steel interests came about as a prelude to Poland's participation in the steel cartel. As a further phase of this development, there have been stimulated in various countries, notably France, a series of purely domestic sales agreements, as, for example, in the case of finished steel and structural shapes.

The discussions of this problem at the World Economic Conference at Geneva in May, 1927, brought out the grave doubts which still prevail in many circles as to the desirability of this whole movement from the point of view of goodwill and general European welfare. It was realized that "controlled rehabilitation" was, broadly speaking, much more desirable than the wholesale squandering of energies in nationalistic excesses. Any contribution toward economies in production and distribution and the elimination of wasteful practices and drastic competition was recognized as helpful. The discussions indicated the gravest doubts, however, particularly on the part of representatives of labor and of various consumer groups, as to the reactions which widespread international cartelization might have upon them. They cited instances of the persistence of such cartels in failing to pass along the resultant benefits of economies either to labor on the one hand or to their ultimate consumers on the other. The quandary of the Conference was clearly indicated in its resolutions that it was impossible to establish any definite principles for the guidance of the cartel movement, which was simply a develop-

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ment that "has to be recognized and which from the practical point of view must be considered as good or bad according to the spirit which rules the constitution and the operations of the agreements, and in particular according to the measures in which those directing them are actuated by a sense of the general interest." As Mr. E. E. Hunt of the American Delegation pointed out, the discussion took on many of the aspects of the debates over "good" and "bad" trusts in the United States some thirty years ago. Taking another leaf out of the book of America's experience with big business, the Conference resolutions stated that "the publicity given in regard to the nature and operations of these agreements constitute one of the most effective means, on the one hand, of securing the support of public opinion . . . and, on the other hand, of preventing the growth of abuses."

A determined effort was made to set up some form of super-bureaucratic control over the entire movement — some international agency which should act not simply as a registration bureau of such understandings but possibly as an informational and even regulatory body. It was gratifying to note, however, that this proposal, though strongly advocated by certain leaders, was emphatically vetoed. This position was taken especially in view of the fact that there is the widest divergence in the specific legislative and administrative measures adopted in the various countries with reference to such pooling arrangements, and that this divergence made quite impossible the establishment of any such international "juridical régime".

The limit of the proposals of the Conference in this direction was that arbitral bodies should be set up to adjust any disputes among various cartels and that the League of Nations organization should follow developments closely and facilitate the collection of statistics either on its own account or in collaboration with various governments, in order that there might be the widest publicity with regard to the essential facts on production, price movements, world supplies, and other elements. The implication was clearly that nothing should be left undone to assure the consumer of accurate knowledge so that he might not be misled through any misrepresentations by international industrial groups.

The doubts voiced by the labor representatives at this Conference were based primarily upon the fear of exploitation of labor by strongly intrenched international combines and monop-

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olies. There was also the fear that the sudden and widespread introduction of labor-saving machinery as a part of the rationalization programs of the cartels might seriously disrupt the labor market. Indeed with unemployment still a paramount problem in several countries, with the unemployed both in Germany and England periodically exceeding one million, the social and political as well as specifically industrial aspects of this problem are too obvious to be overlooked. If the cartel movement does involve (as has been intended) any considerable adaptation of American labor-saving devices, it is difficult to see how serious labor difficulties can be avoided. Indeed, there have already been intimations that this may occur in the case of the continental iron and steel group.

As a possible corrective of this danger that the international cartels may produce an economic oligarchy, with ominous consequences not simply to the economy of Europe but even to the preservation of the new European democracy, it has been suggested, notably by Francis Delaisi, that some form of tripartite understanding be set up within each cartelized trade or industry. These understandings should comprise the point of view not simply of producers but also of labor and of consumer groups. From the standpoint of the producers, the international cartel has thus far given some promise of more stabilized trade conditions. As the movement succeeds in this aspect, however, the other two elements in the economic picture also clearly become concerned.

Unless some attempt is made on the part of the producer groups at least to consult and win the friendly support of consumers, it is quite obvious that the latter may resort to some corresponding protective device. This may quite likely take the form of buyers' combinations. Indeed the Newton Bill, now pending before Congress, is an evidence of the likelihood of such a development. This measure, which has had the strong support of large groups of consumers of imported raw materials, notably rubber, potash, and sisal, is intended to afford some measure of defense against possible exploitation by foreign combinations operating in the American market. Among the qualifications stipulated for these consumer combines (which would thus be exempted from the anti-trust laws) is that they shall not enter into any agreement which will artificially or intentionally enhance prices or lessen competition within the United States. They are not to discriminate in

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their sales or redistribution of the given commodities, nor are they to accumulate excessive stocks.

Industrial leaders in this country seem to feel that the cartel has thus far manifested no serious perils from the point of view of American trade, that it has, indeed, contributed some elements of stability to the international traffic in a few commodities. Nevertheless, in view of the clear prohibition against such organizations when operating under American laws, and particularly in view of the increasing concern of consumers and labor leaders, the further development of these ententes will be most carefully scrutinized. Undoubtedly they may in the future contribute an element of harmony to the general international situation, as they have been doing in the recent past, and undoubtedly in many respects they afford a better solution of the vexatious problem of unwarranted continental trade barriers and restrictions than could be expected from international political pacts, tariff unions, and similar devices, fraught as these are with all of the uncertainties of demagogic patrioteering and diplomatic bickering. But the industrial and commercial world is still a long way from abandoning its belief in individualism and competition. It is interested, of course, in the newer developments of these ententes and in the contributions which they admittedly are making toward more orderly trading and production, but it is by no means ready as yet to accept them as the harbingers of a new industrial and commercial revolution.

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ALTERNATIVES FOR WAR

By James T. Shotwell

THE alternatives for war are at least four in number — Arbitration, the World Court, Conciliation, and Conference. Of these the first two are juristic in character. The Permanent Court of International Justice, as defined in the statute which established it, deals primarily with questions involving treaty rights and the interpretation of international law. This is also the proper field of Arbitration, although its scope is widened to include as well those miscellaneous cases which lie outside the categories of international law but are nevertheless reducible to an accepted formula, or *compromis*, embodying the agreed statement of the issue to come before the arbitration tribunal.

The procedure in both the Permanent Court of International Justice and an arbitration tribunal is juridical, culminating in a judgment or award; on the other hand, Conciliation and Conference are political institutions. Conciliation is a procedure which examines the substance of a dispute but does not present conclusions in terms of a decree. It investigates and may recommend, but it does not bind. Conference is much wider in scope. It also may investigate the issues; but since its members, unlike those of Commissions of Conciliation, include the plenipotentiaries of the disputant nations, it works toward an agreement which may be just as binding as the verdict of a court, differing from it only in the fact that the agreement is self-imposed.

In recent discussions the procedure of these various institutions of international settlement has been much confused. The word arbitration, for example, has been used by advocates of international peace to cover the whole field of political as well as judicial dispute; on the other hand, almost equally comprehensive claims have been made for the function and authority of the Permanent Court of International Justice. The misconception as to the nature of arbitration arises apparently from the fact that in the preparation of the case there must be political negotiation, and this preliminary action is more a matter of current interest and is much better news than the technical debate in the arbitration proper. As for the World Court, it seems to me an open question whether it has suffered more in this country from the reservations of a reactionary Senate or from the over-

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statement of its function by those who have been its most ardent protagonists. Neither arbitration nor the World Court are pertinent instruments for the settlement of political disputes.

These distinctions are not mere legal quibbles. They are essential in the planning of an ordered world which is the fundamental aim of the peace movement. It is not progress to advocate the denaturing of institutions which can only function effectively within their proper sphere. The institutions of international justice have enough handicaps inherent in their pioneering nature without adding the difficulty of claiming too much for them. Their chief problem lies not in the realization of illimitable possibilities, but in making good within the narrow limits prescribed by the national States themselves. An international court, whether of law or of arbitration, must take its place in the existing system of jurisprudence. It is not a new invention, but the application of existing machinery to new needs. Any system of international justice must depend primarily upon those nations that have developed within themselves responsible systems of national justice; nations in which obligations assumed are understood and are likely to be fulfilled. But the prior existence of these national systems is also an obstacle to the growth of international jurisprudence, for nations which have realized for themselves all the implications of sovereignty are naturally reluctant to yield ground before the new and relatively untried experiment of an international tribunal. If, therefore, the instruments of international justice are to develop, we must find a way to harmonize two seemingly irreconcilable ideals: on the one hand, the demand that we maintain and strengthen the solid gains of past generations which have established the judicial institutions within each country and made provision for them in the law and constitution; and on the other hand, the demand that these developed systems of national justice make way, in part, for that international procedure in which each nation may participate but which no one controls.

In one way or another this antithesis between local interests and the interests of the Community of Nations shows itself in every proposal for the development of international arbitration. The formula of "vital interest and national honor" is giving way to that of "domestic jurisdiction," but in both cases the aim is the same; it is to safeguard that heritage of constitutional freedom which is the justification, in terms of history and of

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civilization, for the existence of the nations themselves. The maintenance and development of such a heritage is surely not less important than the establishment of the international judiciary.

The only one way of harmonizing the seeming conflict is through a study of procedure. This must include not merely the procedure of the tribunal itself, but also — and more especially — the attendant or ancillary institutions which are not strictly judicial but support the cause of international justice by providing for the initial stages of agreement and by furnishing the materials for the later formulation of law. This carries us over into the political institutions which we have referred to above, less binding than a court or arbitration tribunal. Viewed from the standpoint of arbitration and international law, they are ancillary to judicial procedure, but that is only the legal aspect of their work. They also furnish governments a medium for solving disputes that never reach the court, and cover that vast and miscellaneous field of non-justiciable dispute in which lie most of the causes of war.

Let us turn now to these two institutions of political settlement, Conciliation and Conference. Unfortunately, within this political field, there is as yet no program or agreed method of procedure such as already has been worked out for both arbitration and the Permanent Court of International Justice, a fact which has recently been called to our attention by the German Government in a memorandum to the League of Nations. There is even confusion between conferences and commissions, a confusion producing something worse than failure when one government sends plenipotentiaries and another mere agents bound by rigid instructions, as has happened more than once since the war. This matter should receive the attention of an international conference, similar to those Hague Conferences which preceded the erection of the Court of Arbitration. The fundamental contribution of those conferences has not yet been fully recognized, because it chiefly lay in the field of law and not of politics, and consequently was not effective in the dark days of 1914. But the Hague Conferences started plans for political organizations as well. The Commissions of Inquiry provided for in the Hague Conventions were ultimately given a definite form in the Bryan treaties.

These Commissions of Inquiry are not tribunals of justice or

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arbitration. They have no power to register a decree, and even halt on the brink of offering a suggestion or a recommendation. They simply investigate the facts at issue between nations and report their findings, leaving the disputants free to take such action as they may think best. The presence of neutrals on the Boards of Inquiry is counted upon to produce a statement of the case which may ultimately lead to an agreement through negotiation. The scheme of Commissions of Conciliation has recently been developed in the whole series of treaties which culminated in the central one of Locarno, and the network now includes nearly all of the civilized nations of the world. In these later treaties, however, the device has been carried a step further, in that the Commissions are definitely empowered to recommend terms of settlement. Recommendation is, of course, very different from the judgment of a court, but it is much more than mere fact-finding.

One weakness in these Commissions of Conciliation is that, in general, they have not been brought together by multilateral agreement; each separate treaty has called for the erection of a different Commission. The result is that few of the Commissions ever have any work to do; the machinery grows rusty; and when members of the Commission die, the governments forget to appoint their successors and even perhaps the very existence of the Commissions themselves. There has not been enough business before the ordinary Bryan Commission to keep it genuinely alive.

There is another weakness in the Bryan plan. If all the civilized nations were to make separate treaties of this kind between themselves the number of the resulting commissions would be absurdly great. There would be somewhere between two and three thousand commissions and about ten thousand commissioners. It is easy to see, therefore, that if the Bryan system of treaties were extended throughout the whole world it would become inoperative by its very intricacy and unwieldiness. If international Conciliation is to keep alive agencies capable of functioning effectively in emergencies, those agencies must be consolidated. Steps in this direction were taken in the Central American Treaty of 1923 and in the Santiago Convention of that year. But if the process is to be extended over the whole civilized world, it would necessarily involve the coöperation of the League of Nations. Conciliation is directly pertinent to the League's

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work. At the same time, there could be no surer way of wrecking the device of Conciliation than by over-stressing the centralizing machinery. The League has been careful not to interfere with the erection of these commissions of the Locarno type, recognizing that there is as great a need to keep local susceptibilities in mind as there is of speeding up effective action. When Conciliation has to be used, the nations involved are already so much on each other's nerves that they will not listen to advice from any but known friends, or those in whose impartiality they may repose confidence. The appointment of a Commission of Conciliation, therefore, comes back to a question of personalities. It was this question which originally blocked the organization of international justice. There was a fear of an unfair or packed court. But in the juristic field there has been steady progress, from the reluctance of the Hague Conference to accept the principle of a fixed bench down to the embodiment of that very principle in the World Court. A similar advance may ultimately take place in the sphere of Conciliation.

Alongside International Conciliation there is another institution which at first sight may seem to be so well understood as not to call for any detailed comment — that of Diplomatic Conference. This, like Conciliation, deals with all kinds of international issues in the field of policy, even those which may be of vital interest or involve national honor. Generally in the past such matters have rested in the hands of a diplomacy which has had the weight of armaments behind it. International Conference also cannot escape the realism of such arguments, and to a certain extent recognizes them in recognizing great and small Powers. Nevertheless a new procedure in diplomacy is developing with the evolution of the conference method.

When the secrecy of diplomacy gives place to public discussion, questions must be argued on their merits rather than according to the dictates of a single will. To be sure, when a powerful nation speaks it may force its way in conference against the opposition of the rest, but it is not likely to do so unless it can state its case in terms of a common interest. This was the characteristic of the Washington Conference. It was not a coöperative affair but followed the lead of the United States. The results may have been beneficent but the method was not a perfect precedent for the development of the institution itself.

The method of conference which is exemplified in the meetings

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of the Council of the League is perhaps the best example of the procedure of the new diplomacy; it is strictly political, offering the solvent for disputes in the field of national policy, withholding them from the arbitrament of either the sword or the law, and providing in their place the merely human give-and-take of a discussion on policy. In the early days of theorizing about the League of Nations, before the Covenant was signed, there were some who thought this method of conference so fundamental that they would have created a League that provided little else. Such plans were discussed both in England and here. They were not adequate for a League containing all the European powers, but they would have gone a long way toward meeting the needs of the United States and the British Empire. In any case, this method of conference is still open to us without necessarily involving us in the rest of the League structure, in which it is being most effectively developed.

Now we come to the application of this discussion to the problems of today. The proposal "to renounce war as an instrument of policy" indicates in the very formula used that the chief substitutes for the discarded instrument must be those which function in the field of politics. The other current phrase, "outlawry of war," places the emphasis upon the legal alternatives. This is perhaps why it has made so strong an appeal to the pacifists whose slogan was "law not war," although the "outlawry" movement itself is not pacifist. It has seemed to offer a way of settling all international disputes that was clear, definite and final. The anarchy of a "society based upon war" would end by common agreement, and a world court would be the accepted arbiter. The more responsible leaders of the "outlawry" movement have escaped the fallacy of those who repose all their hopes of permanent peace in such a judicial process, but, while agreeing as to the importance of conferences, they have put emphasis upon a code of international law, with war excised from its text, and a court to whose judgment the public opinion of the world would yield obedience. The apparent finality of such an operation has had a wide appeal in a country which does not have to think realistically in international matters. Yet it is this very rigidity in the procedure and judgment of a court which is the chief obstacle to the submission to it of just those issues over which wars are fought — issues of "national honor and vital interest" under whatever name we may disguise them; and no

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other country emphasizes quite so strongly as we do these exceptions to international judicial action. The result is a downright contradiction. On the one hand we have the advocacy of peace policies based upon a court or arbitration, on the other hand the insistence upon reserving from these bodies the issues of war and peace. It is anomalies like this which produce the sins of futility which the unsympathetic foreigner calls national hypocrisy. Hypocrisy, it may be said in passing, is often nothing more than the assertion of great ideals without sufficient study of the obstacles in the path of their realization. The only way to escape it in this instance is to explore still further the alternatives to arbitration which lie in the field of politics. The practical proposal is "to renounce war as an instrument of policy," not, as some pro-Court proponents seem to imply, "to renounce war as an instrument of justice."

A political question differs from a purely "justiciable" question in that the interest shifts from the material issue to the way in which that issue affects the parties to it. Recently a political question arose between France and Germany over the number of military police needed for the protection of the Saar Valley. The French claimed that they needed eight hundred men; the Germans asserted that five hundred were sufficient to keep order. The material issue was merely whether three hundred men should be retained or not. But the political issue which arose from this was something of quite a different nature. The nationalist press of Berlin had as headlines, "Germany must not permit the continuance of a disguised French military occupation in the Saar Valley." The French nationalist press replied, "France must not yield to German threats the first time the German Foreign Minister presides over the Council of the League." The kernel of the dispute was only a detail of administration, a purely technical matter. What would the police have to do and how would the inhabitants of the Saar be affected? Then politics came in and it changed the nature of this local problem. The real issue ceased to be the government of the Saar Valley and became that of the good faith and "honor" of the two Powers. The local problem was enveloped in a new one and almost lost sight of.

The illustration points to at least one characteristic of political questions; they are complex, while the "justiciable" issue is simple or direct. They add to the substantive claim a further question as to the attitudes of the disputants. Indeed it is this

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second phase of the matter which more often contains the dangerous explosive of emotion. Court or arbitration tribunals are not likely to be accepted when matters get this far. When men and nations feel so keenly about some issue that they are prepared to sacrifice their lives for it, they do not readily accept a procedure which leads to a hard and fast judgment. In short, for political disputes there must be political institutions. I think, therefore, that in the treaties which propose to further the cause of international peace, the emphasis should be shifted from Court and Arbitration to Conciliation and Conference.

So far as the device of Conciliation goes, the Bryan Treaties, although they have not been taken very seriously, nevertheless furnish a precedent which may lead to real progress. In their most fully developed form, in the Treaties of Locarno, the Commissions of Conciliation really reconcile. What is more important still, the Conciliation of Locarno leads to further settlement and does not leave the parties with that "liberty of action," which is provided in the Bryan text — by which is meant the right to go to war. By a very slight change in the Bryan text an entirely different setting could be given to those treaties. If, instead of granting freedom of action to the disputants at the close of the investigation, there was an engagement to carry over the findings of Conciliation into international conferences, the link could be forged between the two institutions of political settlement which really deal with matters of war and peace.

It seems to have escaped most observers that the technique of Conference has been steadily perfected in the course of these years since the war. It has been especially the work of the League of Nations to raise it from the amateur and casual aspects of the early days to an institution with a definite place in international polity. Our country has not yet learned the rather obvious lesson that international conferences dealing with matters so complicated and far-reaching as Disarmament cannot be improvised overnight, but that they must be provided with an apparatus capable of disentangling the two phases of the problem, the technical, which has to do with armaments proper, from that which has to do with national policy. While Europe has been perfecting this mechanism through some eight years of experimentation, we have made very little advance. International Conference has meant for us hardly more than an opportunity to express our views and ask the rest of the world to agree with us. In the

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Washington Conference this method more or less succeeded. The failure in the Disarmament Conference is known to all the world.

We come back to the point which has already been mentioned, that the chief instrument of international settlement in political questions, namely, international Conference, is an instrument which has not yet been defined for us by any document comparable to the Statute which provided the World Court with its constitution or defined its powers, or even the earlier constitution of the so-called Court of Arbitration at The Hague. Lacking this, we are at a double disadvantage as a result of our absence from Geneva where the technique is taking shape.

There are many points of difference between the procedure of a conference and that of a court, but there is one which seems to have escaped notice in most of the all-too-serious discussions of these problems. There is a solvent which can be applied in Conference but which never is permitted in Court; it is a sense of humor, which is a sense of proportion. When great nations begin to talk in terms of national honor or of vital interest over issues which in themselves have never involved more than a few individuals — as, for instance, when the Saar Valley case was imagined to affect sixty million Germans and forty million French instead of three hundred soldiers — the solemn farce needs only some dispassionate or penetrating remark from a cool-headed member of the Conference to reduce it to realities. If, at such a time, there pierces through the tensity of the moment some humorous remark (as happened in this very instance), it gives a chance for common sense to take the place of overwrought patriotic emotions. Business men are familiar with the way in which this purely human touch may solve the most involved situations. The business of nations calls for it equally.

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STABILIZING THE LIRA

By Count Volpi di Misurata

IN the year 1927, the sixth of the Fascist era, Italian financial policy reached the goal which the Government of Benito Mussolini had determined to attain when in October, 1922, it began its work of financial reconstruction and its effort to provide ways and means for utilizing the productive energies of the Italian people. The reorganization of the Italian currency has been to date the crowning achievement of that policy, a deliberate policy carefully matured since my call to the Ministry of Finance over two years ago. It was executed rapidly and without publicity during a few days of arduous negotiation between the leading men of the Italian money market and representatives of banks of issue the world over.

The reform in question passed through the following phases: 1. Balancing of the national budget. 2. Consolidation of war debts. 3. Unification of the note issue and its concentration in the hands of the Bank of Italy. 4. Progressive and more efficient utilization of Italian resources in raw materials. 5. Gradual deflation in currency and in credit. 6. Consolidation of the floating debt, and reorganization in the Treasury department. 7. Regulation of the influx of foreign capital into Italian industry. 8. Reorganization in the whole field of production, and readjustment of taxes with a view to increased industrial efficiency. 9. Gradual amortization of the domestic debt. 10. Defense of the Treasury surplus by the reduction of State expenditures.

I am interested more particularly here in the later steps in our progress toward the resumption of gold payments, and specifically in developments that took place during the year 1927.

The question of currency was without doubt the Government's chief concern all during the year just past. It was always considered in the perspective of Italy's general economic situation. Efforts to take every advantage of the raw materials to be found within our boundaries, and to set our business and manufacturing on a sounder basis, accompanied and at times complicated our forward march toward a gold standard.

The struggle to bring our domestic production up to a level consistent with the enhanced prestige of the Italian State abroad had moments of particular importance.

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In January, 1927, the pound sterling was worth something like 110 lire in Italy, while the dollar was around 23. These quotations fell rapidly on exchange till on April 26 the pound was at 86.30 and the dollar at 17.75. Behind such a remarkable improvement in the lira lay a most delicate maneuver on exchange. It taxed all the ingenuity of our financial advisors to avoid the crises consequent on a too violent appreciation. The purchasing power of any currency as compared with the currencies of other countries results from a complex of forces in which the aptitudes of a people for production and saving play a predominant part. Capacities for working and saving are traits which no one can deny the Italian people. In those virtues an appreciation of some twenty-five percent in the value of the lira between the last months of 1925 and the last months of 1927 finds adequate explanation and justification.

As a development collateral with these moral and material factors in the appreciation of the lira, we might note that in the year 1927 Italian industries made important borrowings abroad for essentially productive purposes. The policy of the Fascist Government toward foreign capital has not varied. Indeed, the exemption of foreign capital from our income tax was one of the government's first acts in the financial field: the Decree bears the date of December 18, 1922.

An increased inflow of foreign capital into Italy was certainly desirable. But it was just as necessary to prevent private interests from asserting themselves in this connection at the expense of the higher public interests of the country. That is why the Treasury assumed control of all borrowings made abroad by private enterprises. Any movement of capital from one country to another creates delicate problems of transfer and subtle disturbances in the balance of trade. Changes, furthermore, in the status of money are so important that control must be exercised over imports of foreign currencies, lest they disturb normal circulation, which, especially in times of appreciation, must be protected from even the slightest extraneous influences.

The Fascist Government solved these complicated problems without losing view of the interests of the country at large. These interests evidently required: first, an increase of the gold reserve in the Bank of Issue; second, some lightening of the burden of payments abroad, that goods might be imported without an immediate export of gold; and, third, the "unfreezing" of assets.

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I would like to point out that the total of authorized borrowings amounted to 30 millions of dollars in 1925, to 68.8 millions in 1926, and to 122.8 millions in 1927 — a grand total of 221.6 millions of dollars. Of the grand total the loans to the city governments of Rome and Milan (also to be applied to productive purposes) alone account for sixty millions.

The reserves in our banks of issue showed a constant tendency to increase during the year 1927. The gold held by our three banks of issue amounted to 2041 millions of lire, gold, at the end of 1925, and to 2479 millions at the end of 1926. This bullion passed into the gold reserve of the Bank of Italy, which assumed control of all holdings in gold and in par currencies formerly stored in the banks of the south, and which meantime had cashed the net proceeds of the Morgan Loan of a hundred million dollars. To this reserve (totalling 2902 millions) must be added the drafts held by the National Exchange Bank which, in accordance with the law abolishing fiat currency, must be transferred to the Bank of Italy to increase the gold security of its paper. The holdings in gold and par currencies now available at the Bank of Italy, as security for the paper it issues, amount to not less than twelve billions of the new lire (the latter taken on exchange at a rate of 3.66 lire paper for one lira gold). As a result, the reserve guaranteeing the present circulation of Italian paper may be put at 68 percent; while the security for all outstanding obligations of the Bank of Issue (that is to say, for its bank notes in circulation, its deposits, its outstanding drafts, and the cash deposited by the State Treasury with it) amounts to about 57 percent. The percentage of security required by the Decree of December 21, 1927, was 40 percent. It is evident, then, that the Bank's margin of reserve is far greater than was contemplated by the law.

The circulation of bank notes shows a noteworthy reduction during the year 1927. At the end of 1926, when the Government's policy of gradual deflation and of restriction in credits had been in operation for four months, the notes in circulation amounted to 20,133 millions. At the end of 1927, the figure was 18,200 millions. With the return to the gold standard, the Bank of Italy, now the only bank of issue, is at last free to close its accounts with the State Treasury, as the 4227 millions worth of notes issued by the State will be repaid to the Bank from the Treasury with the profits incident to the appreciation of the gold reserve.

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The consequences which an appreciation in the value of currency inevitably produces on the economic life of a country (such as reduced income, slumps in sales and in earnings) have received careful attention from our Government, which took steps on August 1, 1927 — the Decree was retroactive — to mitigate certain taxes which directly affected costs of production and manufacturing activities. The Government did not hesitate to reduce its income from taxation even at a moment which was particularly critical for the State Budget, which is now feeling the consequences of a slackened rhythm in the increase of tax yields. Financial equilibrium is being sought in a few taxes widely distributed: they are relatively light but they bear upon a large proportion of the national income. This fact gives assurance that the future of the State Budget is secured. It will easily surmount any momentary difficulties it may encounter. Reductions in expenditures already provided for seem more than sufficient to meet possible reductions in tax yield.

The Italian Treasury finally returned to solid ground with the consolidation of the floating debt on November 6, 1926.

Balance between public income and public expenditures does not necessarily require that national savings be withdrawn from enterprises so as to meet deficits in the State budget; indeed the Fascist Government has carried out its policy of amortizing the public debt through repayments of capital lent from domestic savings to the Treasury. The Government has created a Sinking Fund for its domestic obligations, thus laying an adequate technical foundation for their regular and rapid reduction. As a result, savings will be concentrated in organs of production and exchange which will be sure to take full advantage of them. Since it began operations on August 1, 1927, the Sinking Fund has acquired 300,000,000 lire worth of securities. Following sound traditions of financial policy familiar in Anglo-Saxon countries, the Sinking Fund takes over: first, such surpluses as are found at the end of each fiscal year; second, Government loans recovered from other States (Rumania, for instance); and third, repayments of borrowings by municipalities. If we include the surplus of 435 millions ascertained for the fiscal year 1926–7, we find that the Sinking Fund already has at its disposal in the neighborhood of two billions of lire.

Lower production costs and increased efficiency have been facilitated by important reductions in the taxes laid upon mergers

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and by measures designed to bring under centralized managements kindred enterprises not sufficiently profitable by themselves. Italian manufacturers, especially of textiles and in the metal working and machine industries, have been quick to appreciate the consideration shown them in fiscal policies; and improvements in equipment and organization in the factories have shown immediate effects on prices and on the cost of living.

Having thus constructed sound technical and economic underpinnings for its financial structure the Government felt free, after nine months of stability in exchange, to abolish fiat monies by removing all restrictions on the convertibility of paper into gold or par currencies. It should be borne in mind that, both legally and in fact, Italy's paper has never been interchangeable with gold since the year 1894. The Fascist Government has been the first Italian ministry in all that period to remove limitations which set so many obstacles in the way of the development of our business abroad.

To be sure, the stabilization of our currency, considered in its relation to the monies of other countries which have returned to a gold standard, involved the greatest effort economic Italy could possibly make in improving the purchase power of the lira in terms of gold and commodities. That the operation has laid great burdens upon private individuals and upon those who carry the grave responsibilities of public finance, the Government is keenly aware. But the problem is to get back once and for all to the conditions of production and living which obtained before the period of heavy inflation set in. The chance fortunes, the lucky strokes of business which were made possible in those days by violent shifts in exchange and by variations in market values resulting from those shifts, must be replaced by the solid profits that accrue to men who work hard and show intelligent enterprise and skill in managing their business. We now have a definite measure of values reflecting the comparative situation of economic Italy in the economic world at large. This enables business to figure its budget sand estimate its resources accurately, and removes any excuse for surprises in the future.

In administering the budget of State just as in managing the budgets of their own homes, Italians must train themselves to watchful efficiency. It is in that conviction and with that intention that Fascist Italy begins its first year on a gold basis.

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THE MACEDONIAN ORGANIZATION YESTERDAY AND TODAY

By Kosta Todoroff

THE Macedonian Organization has again made itself talked about, both by its terrorist activities and by the manifestoes which it has been issuing frequently to the European and American press. But very few people know the history of this Organization or understand its real political tendencies and objectives. I therefore purpose explaining briefly its past and present activity in relation to the general problem of Balkan peace, which, as we have seen during more than a century, is an integral part of the wider question of world peace.

The fight for independence against Turkish oppression makes up the whole history of the Balkans during the Nineteenth Century and the first dozen years of the Twentieth. First of all, in 1805, the Serbs under the leadership of Kara George rose against the Sultan; then, in 1822, it was the turn of the Greeks. Two small new states were formed — modern Serbia and modern Greece. Later (1875–76) the Serbs of Bosnia and Herzegovina revolted at the same time as the Bulgars; but in spite of the armed assistance of Serbia and Montenegro these revolts failed, though not without having stirred up western opinion and provoked the intervention of the Russian Army. The Russo-Turkish War of 1877–78 liberated Bulgaria and reduced the possessions of the Ottoman Empire in Europe to Albania, Old Serbia, Macedonia and Thrace (Bosnia-Herzegovina came under the protectorate of Austria).

Only the rivalry of the different European powers allowed Turkey still to keep a part of the Balkan peninsula. Everywhere it was recognized that the solution put forward by the Congress of Berlin was to be of short duration and that Turkey-in-Europe was headed towards final liquidation. In consequence, a struggle commenced in Macedonia and in Thrace where the Slav population was under Bulgarian influence. The first Balkan insurgents called themselves *haidouci* in Slav and *kleftis* in Greek. Later the Turks began to call them *comitadjis* because they were under the orders of a revolutionary committee. The Bulgarian comitadjis in Macedonia took up arms almost immediately after the liberation of Bulgaria, but their action became systematic and organized only in 1894 when the Internal Revolutionary Organization for

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Macedonia and the Vilayet of Adrianople (Thrace) came into being. Its avowed aim was the autonomy of the Turkish provinces in Europe, especially Macedonia and Thrace, but a certain number of its leaders inclined to the idea of attaching these provinces to Bulgaria. The two currents were not long in coming into collision. The pro-Bulgar tendency naturally found encouragement in the Palace at Sofia, while the autonomists worked to lay the basis for eventual self-government in the territories still subject to the Red Sultan.

At the head of the movement aiming to attach Macedonia to Bulgaria were officers of the Bulgarian Army such as General T. Zontcheff, Colonel Jankoff and Captain Protogueroff. The purely internal movement had as leaders the men whose names are venerated by all Macedonians — Deltcheff, Groueff, Sandanski. The tendency personified in this latter group had its way during the first ten or twelve years, and the Internal Organization became a very powerful body, with a well organized administration and a secret militia operating in nearly all parts of Macedonia and in certain parts of Thrace.

The Organization was making successful preparations for a general insurrection, of which the exact date was to be fixed by a congress, when, on the eve of this congress, Gotze Deltcheff, the spirit and brains of the movement, was killed in a skirmish. This precipitated matters and in the autumn of 1902 the pro-Bulgarian military group, thinking the moment auspicious for taking charge of the whole movement, started an insurrection in the frontier districts. Thus warned, the Turks at once began making wholesale arrests, and the Internal Organization was forced to order the revolt before the preliminaries were really completed. It began on July 20, 1903, and ended that same autumn after a heroic but fruitless struggle.

This was the finest flowering of the Organization. Soon afterwards the internal split became more marked. The Serbs and the Greeks saw the importance of the movement, and created similar committees which operated, the one in northern, the other in southern Macedonia. The Internal Organization's task became much harder for it had to contend not only with the Turks but also with the *vrhovistes* of Sofia and the irredentists of Belgrade and Athens. But it was still supreme, and at the moment when I myself became a comitadji (in 1905) the majority of the Macedonian population remained faithful to it.

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Apart from its patriotic aims the fighting in Macedonia attracted our young men by its extraordinary romance. Armed detachments — *tchete* — slipping about by unknown mountain paths, attacked the Turkish troops and gendarmerie and protected the population against their efforts to retaliate. The chiefs — *voivode* — meted out justice and punished every deviation from revolutionary virtue. What an enticing picture for a young man, to engage in warlike adventures and at the same time support justice and liberty! I was hardly sixteen years old when I went off into this mysterious Macedonia and took up the wild and poetical life of a comitadji. Even at that time there were two sorts — the idealists and the professionals. Little by little the idealists perished in the fighting, but the professionals survived. . . .

Every great movement has its periods of splendor and of decadence. The Macedonian Internal Organization was at its height in the decade up to 1904. From 1904 to 1908 it made tremendous efforts to maintain its authority and keep its forces intact. But one by one its chiefs fell and little by little the sinister figure of King Ferdinand of Bulgaria threw its dark shadow more completely across the romantic epic of the Balkans.

In 1908 came the Turkish revolution. It awoke very diverse echoes in the ranks of the comitadjis. Those of the left wing, who were becoming more and more determined enemies of the official Bulgar policy, saluted the dawn of Turkish liberty with enthusiasm. The right wing, which had come into close relations with official circles at Sofia, saw in the Turkish revolution a danger for the Bulgarian national cause. But the Young Turk Revolution was not to change the policy nor cure the vices of the old régime. The Young Turk officers soon showed themselves as harsh as the Pashas of the Sultan had been towards all the subject races of the old empire. So it was that in 1910 the struggle broke out again, though with much less enthusiasm and in an atmosphere of confusion and doubt. The people had lost their bearings; the new chiefs were inferior; the moral basis of the revolution seemed to have crumbled. On the eve of the Balkan War the Internal Organization, cleft by the two tendencies which I have described, was nothing but a tragic shadow of its past glory.

During the Balkan Wars the comitadjis acted as auxiliary troops in the belligerent armies, and certain of them committed regrettable acts of violence and brutality against the Turkish population. After the First Balkan War, the Macedonian Organ-

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ization lost all pretense of independence and became an official instrument of Bulgarian nationalism. The old avowed objective — an autonomous Macedonia where various races might live together on a democratic basis — gave way to purely annexationist tendencies. So it came about that on the eve of the Second Balkan War the new chiefs of the Organization, Todor Alexandroff and Alexander Protogueroff, were demanding that the Bulgarian Army and Government settle their territorial differences with the Serbs and the Greeks by resource to arms. They had their way. As a result, Macedonia was divided by the Treaty of Bucharest (August, 1913) between Serbia and Greece, the only exception being certain unimportant districts which were left to Bulgaria.

The Balkan Wars changed the whole face of the Macedonian problem. Under the Turks it had been a question of forming the province into an autonomous state. The Balkan powers did not accept this principle and in their pre-war pacts with each other divided Macedonia. The greater part of Macedonia was scheduled to go to Bulgaria; but, as I have said, the upshot of the Second war was that most of it went to the Greeks and the Serbs. While still proclaiming their adherence to the principle of autonomy, the Organization had really given it up in favor of the principle of national unity. But the Serbs and the Greeks were also invoking this same principle, the Greeks on the basis of historical rights as inheritors of Byzance, the Serbs on memories of the reign of Tsar Dushan the Great. In its efforts against the Serbs and the Greeks, the Organization did not disdain the support of foreign factors. King Ferdinand's Government after the Second Balkan War definitely oriented itself toward Austria; the Macedonian Committee followed suit. Bulgarian policy and Macedonian policy, following the same path, led Bulgaria into intervention in the Great War on the side of the Central Powers.

Just preceding this event, during the period of Bulgaria's armed neutrality, the principal aim of the Organization was to push the country into the war, and almost the moment hostilities began on the Danube in August, 1914, bands of comitadjis appeared on the scene as allies of Austria.

Many diplomatic documents of the period mention this fact. Among them may be noted the dispatch from the Bulgarian Minister at Petrograd, dated November 19, 1914, in which he says: "The Serbians complain of the activity of Macedonian bands. The destruction of a bridge at Strumitza and the wiping

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out of an entire Serbian post furnish them with the opportunity of accusing the Bulgarian Government of complicity. . . ." The President of the Bulgarian Council of Ministers, Mr. Radoslavoff, wrote on this dispatch: "Everything which is happening in Macedonia is done by the comitadjis, who are defending their rights against unprecedented and illegal acts." He replied officially to Russian protests, in a conversation with the Russian Minister at Sofia, that, "It is the Austrians who give the money to Macedonian committees for the formation of bands."

Towards the end of March, 1915, strong detachments of comitadjis issued from Bulgaria and attacked the railway bridge at Valandovo with the object of depriving Serbia of her only source of supply, the railway to Saloniki. They killed more than three hundred Serbian soldiers and cut the line. As a result of these grave facts, Sir Edward Grey, on April 1, 1915, declared to the Bulgarian Minister in London that he was in possession of positive information that semi-official Bulgarian circles were directing the activities of these comitadjis and that he considered it a violation of Bulgaria's neutrality in favor of Austria and Germany.

I have cited these documents from the Bulgarian "Orange Book" in order to emphasize the responsibility of the Macedonian Organization in the events which led up to Bulgaria's intervention on the side of the Central Powers, as also in the game played by the Bulgarian Government, which, while supporting the comitadjis' action, refused to assume responsibility for it until the day when the Bulgarian armies once again attacked the Serbs, September 25, 1915.

During the Great War, the Macedonian Organization placed all its forces in the 11th Division of the Bulgarian Army, called the Macedonian Division. At the same time it took over the administration of Serbian Macedonia and of a part of the district of the Morava, then occupied by Bulgaria. The Macedonian leaders, once revolutionaries, became the most intimate friends of King Ferdinand and even of the German Kaiser, who paid the expenses of the 11th Division out of his own private funds. In addition, as shown by the judicial inquiry conducted after the end of the war, Protogueroff received from the Kaiser the sum of 30,000,000 marks; but as he kept them in paper, they lost most of their value!

The débacle of 1918 seemed to have put an end to the Organization. Discredited by acts of violence in the occupied regions,

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deprived of its royal protectors, disliked by the great majority of the Bulgarian people who held it responsible for many of their misfortunes, the Organization virtually ceased to exist in the period between 1918 and 1920. But the harsh conditions of the Treaty of Neuilly (November 27, 1919) revived Bulgarian nationalism, and with it the Macedonian movement. The absolutely unjustified territorial losses, such as Thrace and part of the Dobrudja, gave Protogueroff and Alexandroff the opportunity of once more posing as champions of justice. They succeeded in escaping from the prison where they had been incarcerated by Premier Stambuliski, along with others responsible for the war, and, aided by reactionary chauvinists, re-formed some of their armed bands in 1920 and re-commenced their action against Serbia, now part of Jugoslavia.

The Bulgarian Government, however, was in the firm hands of Stambuliski, who had just emerged victorious from the elections. Peasant that he was, and thoroughly democratic, he was opposed in every particular to the tendencies of the Macedonian Committee and believed that the interests of Bulgaria, no less than the interests of Europe in general, demanded a policy of peace in the Balkans. Towards Jugoslavia he professed warm fraternal sentiments, frankly rejoicing in its new-found national unity, and considering that an eventual union between Bulgaria and this new Slavic state represented the only durable solution, not only of the Macedonian problem, but also of the whole Balkan question. This broad conception, consonant both with Slavic ideals and with the best hope for real peace, was an added reason for him to be hated by all the old guard of Bulgarian politicians. In this battle between two completely different conceptions of Bulgarian policy the Macedonian Organization ranged itself on the side of Stambuliski's enemies, though this did not prevent it from trying several times to get subsidies from him. Its leaders also looked for new allies abroad. The Kaiser had disappeared; Austria was a small and pacific state; only Italy continued to carry on a policy of intrigue looking toward territorial expansion in the Balkans, where she was already in collision with the new Jugoslav state over Fiume and the control of the Adriatic. It was on Italy, then, that the Organization based its new hopes of revenge, and it was from Italy that Protogueroff and the other Macedonian chiefs, under sentence for the atrocities which they had committed in occupied Serbia during the war, obtained the passports with

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which they escaped abroad; this fact was established during the inquiry conducted by the Bulgarian police.

At about this time the official representative of Italy at Sofia, Baron Aliotti, broached to Premier Stambuliski the subject of an Italo-Bulgarian alliance against Jugoslavia. I was present at the private interview between Stambuliski and Aliotti in April, 1920, in order to translate for Stambuliski, who did not speak French; and I had the pleasure of transmitting to the Italian diplomat the categorical refusal of the head of the Bulgarian Government to accept the proposals of Rome. Later, the Italian Government tried on several occasions to re-open conversations on this same subject, not only through Count Aldrovandi, the new Italian Minister at Sofia, but also during the Genoa Conference in 1922.

In spite of promises and menaces, Stambuliski remained faithful to his ideals. He wished to prevent the frontier districts of Bulgaria, above all the district of Petritch, from being made a base for incursions into Serbian Macedonia, and to achieve this object he did not hesitate to have many comitadjis arrested and imprisoned; and one of the leaders, Simeonoff, was killed. The Organization replied by assassinating Stambuliski's Minister of War, Al. Dimitroff (October, 1921); the Prefect of Petritch, Kozlovski; and a number of others. It also sent bands into Serbian Macedonia, though these were not received any too warmly by the disillusioned population. These incursions having provoked energetic protests from Belgrade, a note which I myself wrote and transmitted to the Jugoslav Government proposed the establishment of a joint frontier guard, to be composed of Bulgars and Jugoslavs who should act in common against the comitadji bands. This note, dated May 19, 1922, did not lead to any immediate results. However, after the easing of the diplomatic conflict, during which Greece and Rumania had joined with Jugoslavia in representations at Sofia, the Council of the League of Nations took notice of the question and on July 22, 1922, made my note the basis for pourparlers. The Treaty of Nish which regulated this question was concluded in April, 1923. It was the first practical step towards a Jugoslav-Bulgarian rapprochement, so much desired by both these Slavic peoples.

Although this Treaty did not formally bind Bulgaria to take repressive measures against the turbulent Macedonian elements, the Bulgarian Government did so of its own accord. Troops were

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sent into the frontier regions and a number of persons were arrested at Sofia and at Kustendil. These measures were not as efficacious as one would wish, because many Bulgarian officers were already engaged in the plot to overthrow our democratic peasant régime and were in negotiation with the comitadjis. Nevertheless, comitadji activity on the other side of the frontier diminished considerably and did not again assume important proportions until after the *coup d'état* of June 9 when the bands of Todor Alexandroff joined forces with the Bulgarian military to destroy the régime which was thwarting their program. During and after the *coup d'état*, the followers of Todor Alexandroff and Protogueroff played a large part in the various punitive measures carried out against the Bulgarian Peasant Party. The actual assassins of Premier Stambuliski were Captain Harlakoff and certain comitadji henchmen.

As in the past, and as in the period just after the Great War, so today there still exist Macedonian groups hostile to the Macedonian Internal Organization, to its policy and its methods. The Macedonian federalists who preached a free Macedonia in a federated and republican Balkans were even more numerous in Bulgaria than the adherents of Todor Alexandroff. But they were without money, and little by little were wiped out by agents of the official Organization, who killed them in the streets. The extreme left wing of the federalists eventually made common cause with the communists and formed a propaganda group at Vienna, centering about the newspaper, *La Fédération Balkanique*. Others preferred to escape into Serbia and to do what they could, under promises of safety from the Jugoslav Government, to help the population in the menaced regions.

The official Macedonian Organization did not triumph in its factional struggles without losing its chief, Alexandroff. He was killed during the extensive conflicts which took place between two different comitadji factions in September, 1923, in the regions of Djoumaja, Nevrokop and Petritch (in Bulgarian territory). These conflicts turned out to be really massacres, for the Organization was openly aided by the Bulgarian police and military. Three hundred persons were killed.

What really have been the objectives of the Organization since the war? It declares that it is fighting for Macedonian autonomy. But during the World War, when it was acting as the agent of the Bulgarian army, then master of practically all Macedonia, it did

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not ask for autonomy; it preached outright annexation under the sceptre of King Ferdinand. As for the population of Macedonia, the vast majority want nothing but peace and the chance to work quietly at restoring the productivity of their exhausted land. It is symptomatic of their feelings that in all the frontier regions they have been given arms by the Jugoslav authorities and that they have been making good use of them against the very comitadjis who pose as their liberators. This more than any other single factor has led to the failure of the armed bands and to the Organization's recent change of tactics. Under the new scheme the bands have been replaced by groups of two or three terrorists — *dvoïka* or *troïka* — who carry out isolated attacks. Latterly, too, it has been sending out single persons, both men and women, to execute individual assassinations.

Formerly, when I was myself a comitadji, the villagers protected the insurgents, fed them and hid them, braving gladly the risks of Turkish reprisal. From the Bulgarian frontier up to the region where my detachment used to operate, we were guided from village to village by little groups of peasants armed and ready to fight for us and with us. We went back and forth across the mountains and the forests, escaping the ambuscades of the Turkish gendarmerie mainly because of the exact information with which the peasants always furnished us. In the Kavadar region we used to distribute arms, collect taxes and punish enemies without awakening any feeling among the people except love and devotion. Would the Turks at that time — 1905 — have had the idea of arming the population against us? It is easy to guess against whom those arms would have been used had such a proceeding been dreamt of.

Today the peasants of Macedonia refuse food to the comitadjis who penetrate into the country and whenever possible denounce them to the authorities. Their one and only wish is to be with the rest of their brothers in a peaceful, orderly state — a state composed of the majority of their race: for whether Bulgar or Serb, Macedonia is above all and will be always "South Slav."

In 1920, when I was Bulgarian Minister at Belgrade, an old Macedonian from Kavadar, affiliated with the Organization in which I served in the old days, came to obtain a visa to go to Bulgaria to visit his son. He expressed the feelings of the Macedonians who remain on their farms and are trying to work. "For God's sake," he said, "don't liberate us any more. We have been

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liberated of everything we possessed. If anyone begins liberating us again, we shall be the first to take up arms against him."

The upshot of all that I have written is that the present action of the Macedonian Organization does not and cannot serve the interests of Macedonia itself nor the real interests of Bulgaria. It can only serve the objectives of interested third parties. I am sorry to have to mention Italy in this connection. Italy's assumption of a protectorate over Albania makes the whole plan o Signor Mussolini as clear as day. Albania borders Macedonia on the west. From the Albanian frontier to the Bulgarian frontier it is only 150 kilometers as the bird flies; the appearance of comitadjis on the lines of communication between Jugoslavia and the Ægean would at a given moment facilitate the operations of Italian troops using Albania as their base, just as it facilitated the operations of the Austro-Hungarian armies in 1915. Another analogy is worth reflecting upon — namely, that the present Bulgarian Government uses the same arguments that the Radoslavoff Government used in 1915 in refusing to admit that the Macedonian terrorists are utilizing Bulgarian territory as the base for their operations.

History has not traced the frontiers of Macedonia fairly. But by creating a powerful Jugoslav state the peace treaties have made possible a peaceful union between that country and Bulgaria, with Macedonia acting as the bridge. Only in the atmosphere of Bulgar-Jugoslav fraternity can the Macedonian question be solved. It is the Macedonian Organization which today stands as the chief stumbling block in the road to a settlement.

At the beginning the Macedonian Organization was a powerful and useful factor in the struggle for Balkan liberty. It has finished that rôle. In 1915 it was a mere cog in the military plans of Austria against Serbia; it helped the entry of Bulgaria into the war against the Allies; and, if it had had its way, it would have brought the Balkans under the sway of a new alien master in the place of the Turk. Today it keeps Jugoslavia and Bulgaria from achieving their natural union. It also facilitates the adventures of schemers outside the peninsula, though I am in hopes that, as has happened before, the wisdom learnt by the smaller Slavic peoples from long and sad experience will cause these new plans to fail. Then, deprived of its last excuse for existence, the Organization of General Protogueroff will pass naturally into the domain of historic memories.

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AGRICULTURE AND THE FUTURE OF CHINA

By O. E. Baker

AGRICULTURE in China has a noble history, dating back fully four thousand years, and Chinese farmers are among the most skillful in the world in the cultivation of crops and the conservation of soil fertility. But during the past century four very important factors, not fully understood as yet in China, have made possible a great advance in occidental agriculture, and it seems probable that the application of these factors in China might result in a large increase in agricultural production. Since the future of China is bound up with agriculture, the study of these factors would be highly useful. They are: (1) power, both animal and mechanical; (2) mineral fertilizers; (3) improved farm animals and plants; and (4) means of control of insect pests and of plant and animal diseases. It is with the first and most important of these that this article principally deals.

To those who live in cities and therefore are unacquainted with the importance of power in providing the modern world with food, it may be pointed out that the development of industry, the growth of the cities, the increase in education and culture, have been made possible largely by the application of power to agriculture. A century ago, when agriculture in the United States was carried on in much the same manner and with the same tools as in the days of the Roman Empire two milleniums before, probably three-fourths of the American people lived on farms and less than one-fourth engaged in industry and commerce in the cities and villages. Today, in contrast, only one-fourth of the population live on farms, the balance being released for the production and distribution of manufactured goods and other commodities, and for rendering the professional and other services essential to modern life. It is owing principally to the application of power, both animal and mechanical, to agricultural production, and to the transportation of agricultural and other products, that this great transformation in the economic organization of the United States has occurred. The amount of power now available on farms in the United States greatly exceeds that in all the factories of the nation.

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In China, about the same proportion of the population live on farms today as did in the United States a century ago. But it is doubtful whether China will ever have so small a proportion of the people engaged in agriculture as in the United States at present, primarily because China does not possess the resources of coal and iron which are found in the United States.[1] But even though iron and steel mills and associated fabricating plants cannot develop in China to the extent that they have developed in the United States, it is possible that other industries will engage a larger proportion of the people than is the case with us.

Whether manufacturing becomes of greater or lesser relative importance in China than in the United States, it is certain that there will be need for a constantly increasing agricultural production, and that the fullest utilization of the arable land consistent with a permanent agriculture should be a major concern of the Chinese government.

Land Resources

The total area of the Chinese Republic — including China proper, Manchuria, where the Chinese share the government to some extent with both the Russians and the Japanese, Mongolia, part of which temporarily is under Russian control, and Sin Kiang, commonly called Chinese Turkestan — is about 2,440 million acres, which is nearly 30 percent larger than the area of the United States. Half is included in the eighteen provinces of China proper and Manchuria, and half in Mongolia and Sin Kiang. Thibet is omitted because the Chinese have lost control temporarily over that country and no data are available on land utilization there.

As in the United States, the eastern portion of this vast Chinese Republic, especially the southeastern portion, is humid, while the western and northwestern part is arid, more arid than our western states. Climatic records are few in China, and in the northwestern provinces and Mongolia are lacking almost entirely; nevertheless, aided by observations concerning the native vegetation it is possible to estimate the area having sufficient rainfall for crop production within an error of 10 or 15 percent. This area is estimated roughly at 1,300 million acres, or slightly

[1] See H. Foster Bain: "Ores and Industries in the Far East," New York, Council on Foreign Relations, pp. 208–212. See also his article, "China's Coal Reserves," p. 498 of the present issue of *Foreign Affairs*.

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over one-half of the entire area of the Chinese Republic, excluding Thibet. In the United States only one-fourth of the land area is too dry for crop production. The proportion of the land too dry for crop production in the entire Chinese Republic is, therefore, nearly twice as great as in the United States.

This lower proportion of humid land in the Chinese Republic than in the United States is owing primarily to the east-west

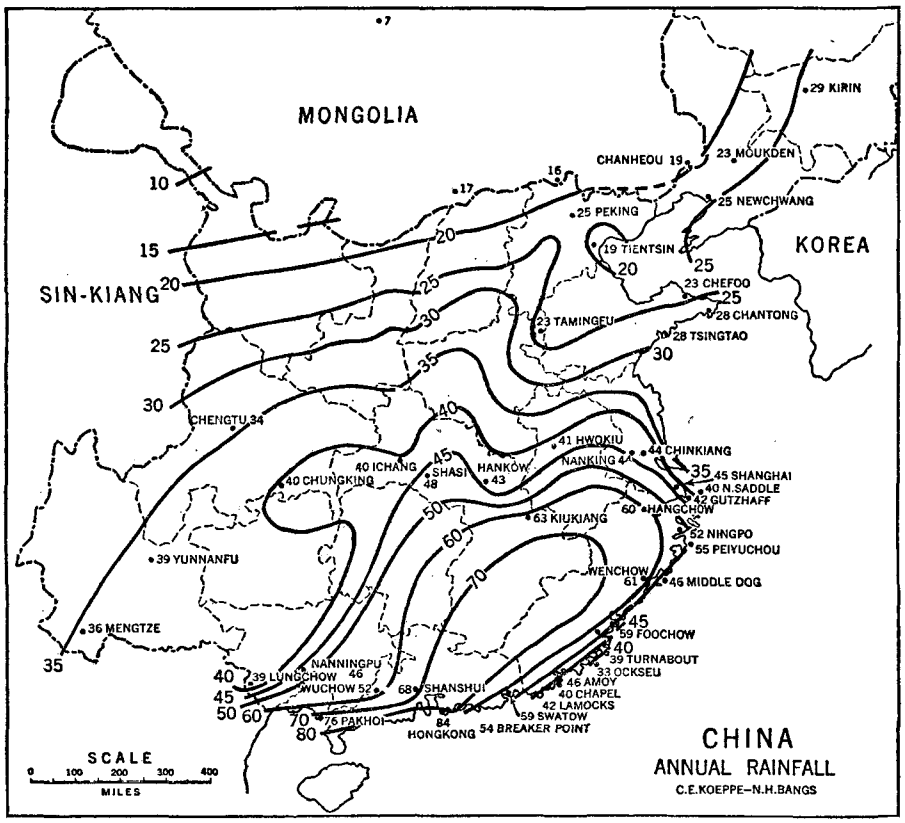

Fig. 1. The rainfall in China is of the monsoon type, heavy in the summer, when the winds blow in from the ocean toward the hot center of the continent, and very light in winter when the winds blow out from the cold, dry interior.

trend of the Himalaya mountains and several low ranges which extend eastward from the Thibetan Plateau more than halfway across China proper. These mountains cause the precipitation on their slopes of much of the moisture in the winds blowing northward in the warm season from the Indian Ocean and the South Sea; whereas in North America the broad, open Missis-

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sippi Valley permits the moisture-bearing winds from the Gulf of Mexico to blow unimpeded across the Central States and on into Canada. As a consequence, the lines of equal annual rainfall trend north and south across the plains region in central North America, whereas in southeastern Asia they trend from the southwest toward the northeast (see *Fig. 1*). Moreover, the United States is bounded on the west by the Pacific Ocean, which provides practically all the moisture received by the coast states, whereas the Chinese Republic is bounded on the west by deserts.

As in the United States, part of the land in China which is too dry for crop production (located mostly in Mongolia and Sin Kiang) is used for grazing livestock, principally cattle, horses, sheep and goats. Much of it, however, is too dry even for grazing — probably more than in the United States, where less than 10 percent is too arid for the grazing of sheep.

Over 90 percent, possibly 95 percent, of the area in the Chinese Republic having sufficient rainfall for crop production is included in the eighteen provinces of China proper and Manchuria. The area in Mongolia having sufficient moisture for crops is estimated at 100,000 square miles, or 64 million acres, but this is only a guess and probably an optimistic one. In Sin Kiang (Chinese Turkestan) the present area under cultivation is about 2 million acres, mostly non-irrigated, according to the Chinese statistics. The few records in this province show an almost rainless climate, but these records are from irrigated districts. The total cultivable area outside of China proper and Manchuria, therefore, is almost certainly not in excess of 100 million acres, or less than 8 percent of the total area of the Republic possessing sufficient moisture for crop production; and it may be much less.

The other climatic condition that limits crop production is temperature. China has a more southerly location than the United States, its center of area, and of population also, lying in about latitude 30, as compared with latitude 40 for these centers in the United States. As a consequence only a very small proportion of the area having sufficient rainfall for crop production fails to receive sufficient heat — probably not more than 5 percent. Subtracting this 5 percent from the 1,300 million acres having sufficient moisture for crop production there remain roughly 1,235 million acres having both moisture and temperature conditions that permit the production of crops.

The third physical limitation upon the area of land available

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for crop production is that of land relief, or topography — the lay of the land. As only a few small areas have been topographically surveyed in China, it is necessary to assume that in an area as large as the humid and sub-humid portions of China (nearly all of which was originally covered with forest), the proportion of the land too mountainous or rough for crop production would be similar to that in the humid, forested area of the United States, namely about 40 percent. On this basis, our figure for the area in the Chinese Republic climatically and topographically available for crop production must be reduced to about 740 million acres.

The fourth physical factor limiting the area of land suitable for crops is the soil. The control of this factor is not as rigid as that of temperature or moisture or topography; consequently, it is difficult to say to what extent it would set a limit to crop production, especially in a country like China where labor is abundant and cheap and the use of fertilizing materials is common practice. However, all forms of amelioration of physical conditions are expensive, even the modification of soils by the use of fertilizers. If it may be assumed that the Chinese farmers are no more likely to use very sandy land or sterile clays than the farmers of the United States, and that the proportion of such soils in two such large and otherwise similar areas is similar, our figure of 740 million acres of land, climatically and topographically suitable for crop production, must be further reduced by 5 percent to allow for unproductive soils. As a final figure we have about 700 million acres. In the United States the corresponding figure is 975 million acres.

The Chinese Republic has, therefore, about 29 percent of its land area physically available for crops. In the United States the corresponding proportion is 51 percent. But as the Chinese Republic has a population of about 440 millions and the United States less than 120 millions, the area of land on which it is physically possible to grow crops is at present 1.6 acres per person in the Chinese Republic and 8.1 acres in the United States. In other words, the United States now has five times as much potential crop land per capita as the Chinese Republic.

Land Utilization

As nearly as can be estimated, the area of cultivated land in China and its dependencies is about 180 million acres (*Fig. 2*).

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In 1919 there were about 354 million acres of land in harvested crops in the United States, to which should be added about 13 million acres of crop failure, and, probably, as much more summer fallow. In that year, then, there was in the United States ap-

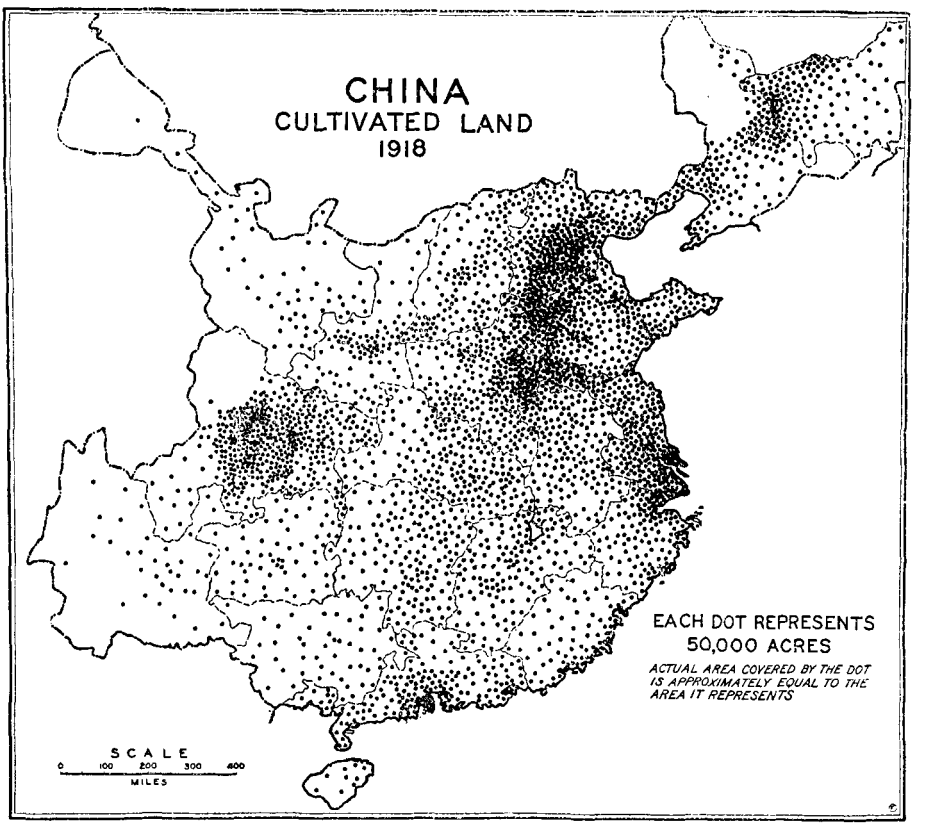

Fig. 2. The areas of densest cultivation are the delta and other alluvial lands of the Hwang-ho and Yangtze rivers, and the Red Basin of Szechwan. Most of the cultivated land is in middle and northern China; in the south, which is largely mountainous, it is relatively sparse. (Map based on "Statistics of Agriculture and Commerce, 1918," Bureau of Agriculture and Commerce, Peking, 1921, corrected by other data. Copyright by A. LaFleur, E. J. Foscue and O. E. Baker.)

proximately twice as much cultivated land as there had been in the Chinese Republic the previous year. In other words there is about nine times as much cultivated land per person in the United States as in China.

This contrast is not so surprising, however, as the fact that in the United States the proportion of the physically cultivable land which is actually cultivated is 39 percent, whereas in the Chinese Republic the proportion is only about 26 percent. Why

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should China, an old country with severe pressure of population on land resources, nevertheless cultivate a much smaller proportion of its cultivable land than the United States, which is only now emerging from the pioneer period of development and in which the pressure of population on the land is lighter than in almost any other country of the world? One would expect that in China almost every hillside would be terraced to its top, all land susceptible of irrigation would be irrigated, all land which it was possible to drain would be drained, and that settlers would long since have pressed out upon the subhumid prairies of Manchuria and the semi-arid plains of Inner Mongolia, instead of having just started to do so, almost timidly, during the past quarter century. Why do large tracts of tillable land lie untouched in the neighborhood of many cities, sometimes even within the city walls, as at Nanking? To this seemingly anomalous situation let us now turn our attention. This is apparently to be found principally in the word *Power*, and its corollary *Machinery*.

Power on Farms

American progress in agriculture, perhaps fully as much as in manufacturing and mining, has been dependent upon the development of machinery and of power to operate it. The plowing of a 40-acre field, six inches deep, involves the movement of 50,000 tons of earth, and the distance traveled using a single 12-inch plow is fully 330 miles. Drawn by two horses at two miles an hour this would require one hundred and sixty-five hours, or over sixteen ten-hour days. A tractor pulling three 14-inch plows would require only five days. But think how much more laborious the effort and how much longer the time required if this 40-acre field had to be spaded by hand — or perhaps we should say by foot. At fifteen days per acre it would require six hundred days, or nearly two years.

The average area of cultivated land per farm in southern China, where rice is the important crop (usually followed the same season by some other crop), is 1⅔ acres. But in northern China, where wheat, millet and the sorghums are dominant and only a part of the land grows a second crop the same season, less labor per acre is required and the farms are twice as large, averaging about 3⅓ acres of cultivated land per farm. The average area of cultivated land per farm for all China, including

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Manchuria, where the farms are still larger, is 3.1 acres. This doubtless is as large an area as the average farmer and his son or hired man can spade up in time to put in the crop, and cultivate by using hand tools. The farmer who has a bullock or donkey can handle a somewhat larger farm. But in the United States the average acreage of crops per farm, including the small negro-tenant cotton farms of the South, is 57 acres. This is eighteen times the average acreage of cultivated land per farm in China. The 18-fold greater acreage of crops per farm in the United States than in China is made possible by means of power and of machinery adapted to its utilization.

Let us now compare the power available to the farmers and farm laborers in the United States with that available to the farmers and farm laborers in China.

In the United States: The horse-power available on the farms of the United States in 1924, two-fifths supplied by horses and mules and three-fifths by mechanical engines, was about 52,300,000.[2] This was fully a third greater than the horse-power available in all the factories of the United States. On the other hand, the amount of labor employed in agriculture, including the labor of farmers and their families, was 17 percent less than that employed in manufacturing. The average horse-power per man available in agriculture is nearly 6¼, whereas in manufacturing it is only 3¼.

Neither of these figures includes the power developed by the laborers themselves. In manufacturing this is almost insignificant — the employees in most industries merely watch and guide the machines, or help to administer the organization. But in agriculture muscular labor is still significant — perhaps one-third as much energy is expended as would be if no machinery existed. If a man's physical strength may be considered to equal one-sixth that of a horse, we should add to the 52,360,000 horse-power available on farms about 600,000 more horse-power of human labor, which would raise the total to nearly 53,000,000. Were the farmers and farm laborers in the United States dependent for power solely upon their own muscles, they could probably develop less than 4 percent of the power available to them on

[2] C. D. Kinsman, and others, "An Appraisal of Power Used on Farms in the United States," U. S. Dept. of Agriculture Bulletin 1348, corrected by 1925 census data. The power developed by automobiles other than trucks is excluded in this estimate. But it is probable that the power developed by horses and mules has been underrated as compared with the power developed by tractors and other mechanical means.

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farms at present. The power available on farms in the United States is equal, perhaps, to that of 300,000,000 slaves.

In China: The principal sources of power on Chinese farms are men, cattle and horses. There are over 60 million farm families in the Chinese Republic — almost ten times as many as in the United States. Let us assume that these farm families average two farm workers — the farmer and a son or a hired man. This was the case in the United States until recent years, but now there are less than one and three-fourths workers per farm. Let us further assume that these 120 million farm workers in China and dependencies exert their full muscular strength in their work. As a man's power is about one-sixth that of a horse, the power developed by these 120 million men is equivalent, perhaps, to that of 20 million horses.

The average number of horses, mules and asses in China and dependencies in 1914 and 1915, for which years data are available for all China, was about 9,700,000, and the number of cattle 22,000,000, which apparently includes water buffalo.

These figures indicate that the Chinese Republic has nearly two-fifths as many horses, mules and asses, and one-third as many cattle, as our census reports on farms in the United States. Let us first assume that all these horses, mules and asses in China are used to develop power on farms, although the Chinese reports indicate that the figures include many which are probably used for transportation. And let us further assume that each cow or steer, ox or calf develops as much power as a horse, certainly an overestimate. Adding the 20,000,000 horse power potentially available in the farmers and farm laborers themselves to the 9,700,000 horses, mules and asses, and the 22,000,000 cattle, an estimate is reached of nearly 52,000,000 horse-power available for agricultural production in China and dependencies. This is a maximum estimate. A minimum would be 41,000,000.

It appears, therefore, that China and its dependencies has between 80 and 100 percent as much power available on farms as has the United States. This power available for the production of crops needs to be considered from two standpoints: (1) that of the land, or the amount of power available per acre, and (2) that of the man, or the amount of power available per person employed in agriculture.

Dividing the 180 million acres of cultivated land by 46 million horse-power (an average of the maximum and minimum estimate),

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it appears that the average area of cultivated land per horse-power in China is about 4 acres. In the United States it is about 7 acres. In other words, the farmers of China have available nearly twice as much power per acre as the farmers in the United States.

Moreover, it seems likely that a larger proportion of this available power is utilized in China, because nearly half of it consists of human labor, which undoubtedly is kept employed most of the year, owing in part to the warmer climate. In the United States the power available is mostly that of horses, mules and tractors, which are used a surprisingly small portion of the year. In view of this more continuous use of power in China it is not unlikely that four times as much power is applied to the average acre of crop land as in the United States.

Let us now view the matter from the standpoint of the man, or the amount of power available per farm. Dividing the 46 million horse-power by the 62 million farms, we have an average of about three-fourths of a horse-power per farm. In the United States the average is over 8 horse-power per farm, or fully 10 times as much.

Apparently land is scarce in China compared with the United States, and men are cheap, for the Chinese apply two to four times as much power to the acre of crop land as we do in the United States, while we put ten times as much power in the hands of each farmer. But we will recall that the proportion of the cultivable land in China which is cultivated is only about 26 percent, whereas in the United States it is nearly 39 percent. With almost as much power available as is available in the United States, why should the Chinese leave about 520 millions acres of their tillable land untilled — an amount which is nearly three-fourths of their tillable area?

Influence of Limited Power Per Man on Land Utilization

The concentration of power in China on the best land seems to be owing primarily to the character of the power available and to the use of hand tools rather than modern machinery. About half of this power available on farms in China is human labor, whereas in the United States human labor as a source of power is insignificant. Human labor without the use of agricultural machinery and a relatively large amount of power cannot produce enough food on poor land to maintain a family.

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The man with the spade and the hoe cannot dig up and cultivate more acres of poor land than of good land. Even if he has a horse or mule, which perhaps one-tenth of the farmers of China have, or an ox, which perhaps three-tenths more of the farmers possess, he can plow at most only a few acres. For the Chinese farmers who depend on their own muscles solely for power (and these constitute according to the statistics over half the farmers of China) two acres per farm or one acre per man in the rice

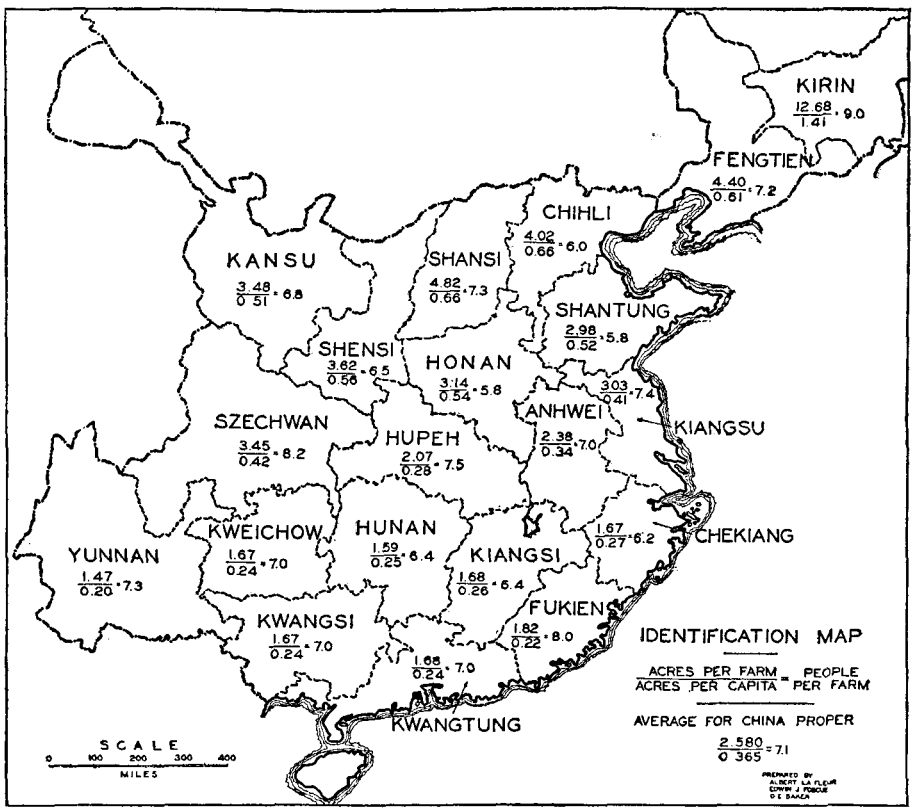

Fig. 3. The following facts are shown for each province: acres per farm (above the line); acres per capita of total population (below the line); and people per farm (to the right). The farms are much larger in northern China, where wheat and the sorghums and millets are the dominant crops, than in southern China, where rice is the all-important crop.

region, and twice as much in the wheat and millet region, seems to be near the maximum amount of land that can be spaded and cultivated by the farmer and his son or hired man in the period of time permitted by the progress of the seasons. Records of time required in spading gardens, kept by

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Department of Agriculture employees, indicate that it would require about 15 days to spade up an acre of land. These two to four acre farms must support five to six people. Each of these five or six people will eat 10 to 14 bushels of wheat, or equivalent other food, yearly, which is 50 to 80 bushels of wheat, or equivalent, per family. As the average acre yield of wheat in all China is apparently less than 12 bushels, it undoubtedly does not exceed 8 bushels on the semi-arid or less fertile soils. This is about the acre-yield on such soils in the United States. It would require, therefore, 6 to 10 acres of these lands to grow enough wheat to feed a family, which is twice the average acreage per farm in the wheat growing regions. Even on the better land, it is obvious that to produce enough food for a family to live on, the farmer must either grow another crop on the land the same year, which many farmers do, or else cultivate a larger acreage by means of horses, mules or cattle.

Most of the horses and cattle in China are in the wheat and millet growing regions of northern China, where the land yields only one-third to one-half as much food per acre as in the rice growing regions of southern China. The less productive crop per acre requires the cultivation of a larger acreage per farm and utilization of more power (*Fig. 3*).

The acreage of cultivated land is, in general, less dense in southern China than northern China (*Fig. 2*). This may be owing in part to a smaller proportion of tillable land, but it is also doubtless owing in part to the fewer work animals and the opportunity which the rice crop affords of concentrating human labor on the best lands. Obviously the man who is dependent on his own muscles and can, therefore, handle only 2 or 3 acres, must cultivate the more fertile land in order to obtain enough food for himself and family to live on, and must, if possible, grow the most productive crop, which is rice. Not being able to increase the acreage, he must increase the yield per acre by every means. He must irrigate wherever possible, — one-third of the cultivated land of China is irrigated, as compared with less than 6 percent in the United States. He must fertilize every plant, because every plant is precious.

It is principally the small quantity of power available per man, particularly for plowing the land, that restricts the utilization of the land in China to about one-fourth of the potentially arable area.

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The Possibility of Power Farming in China

The existence of these 500 million acres, more or less, of uncultivated tillable land in China is a challenge to all those who are interested in the welfare of China. It is probable that, were peace and protection of property assured, much of this land located not over 30 miles from a railroad, especially the subhumid to semi-arid land in the northwestern provinces, could be profitably plowed and seeded to wheat by using machinery such as is used in our own wheat growing regions. Whether tractors or horses would prove the cheaper source of power could be determined by a few seasons' experience on an experimental farm, or, perhaps, even on the basis of existing information. The utilization of unused land would afford employment for a few Chinese, and could not occasion complaint that machinery was displacing human labor, such as would arise if machinery were used on the rice lands of southern China or on the lands in northeastern China already growing wheat.

The fact that the United States exports wheat to China almost every year, and often exports rice also, suggests, however, that modern machinery could economically be utilized on the best wheat and rice lands. But the displacement of human labor that would result from the extensive use of modern farm machinery on the cultivated lands of China would have such serious economic and social consequences that it should be undertaken only with the utmost caution. Unless industry developed in the cities with sufficient rapidity to absorb the surplus rural population that would result (as industry is doing in the United States at present), the replacement of men by machines in the agriculture of China would probably mean the starvation of millions.

Agricultural Production and Population

Although the yield per acre of rice in China is apparently about 40 percent higher than in the United States, the acre-yields of the other cereals are so much lower that the average acre-yield of all the cereals for which comparison can be made, principally rice, wheat, corn, barley, and the grain sorghums, is about 20 percent lower in China than in the United States. With only two-thirds as much of the tillable land actually tilled in China as in the United States and with the acre-yield of the cereals (which include over ¾ of the cultivated land in China and nearly ½ in the United States) possibly 20 percent lower in

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China than in the United States, is it not possible that agricultural production in China may increase more rapidly than the population, and the standard of living, therefore, be raised? To this question the future will probably give a negative answer, unless the volume of manufactured products increases much more rapidly than the volume of agricultural products.

Agricultural production is not capable of a rapidity of expansion comparable with that in manufacturing. Agriculture is based on the land, and good land is limited. Normally, moreover, land can be cleared, reclaimed, or otherwise prepared for crop production only slowly. In the United States, for instance, the most rapid increase in agricultural production was during the two decades 1869–1889, when the very fertile prairie lands of the Upper Mississippi Valley, possibly the largest area of land of high fertility in the world, were plowed up and put into crops. The increase in agricultural production during these twenty years was over 100 percent, or at the rate of about 4 percent a year. After the best land had been brought into use, about the year 1900, agricultural production increased less rapidly. During the past few years, for the first time since 1900, agricultural production has increased more rapidly than population. This very rapid increase in agricultural production since the World War is the principal cause of the present agricultural "surplus." As it is caused in large part by exceptional conditions (notably the substitution of automobiles and tractors for horses and mules, resulting in the release of a larger amount of feed for other farm animals) it cannot be expected to continue for more than a decade or two.

But the recent increases in agricultural production are small compared with the increases in manufactured products. From 1899 to 1909 the physical volume of manufactured products increased 59 percent, according to the recently completed index tables compiled from the census returns by Day and Thomas. From 1909 to 1919 the increase was only 36 percent, but in the four years from 1919 to 1923 the increase was 22 percent, and all of this increase occurred between 1921 and 1923. Manufactured products, in other words, are increasing from 3 to over 11 percent a year, or at an average rate during the past quarter century several times that of agricultural production.

Agricultural production per capita of the total population in the United States decreased between 1899 and 1919 and, al-

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though it has risen notably since 1921, it is now back only to the 1899 level. In contrast, the per capita production of manufactured products has nearly doubled since 1899. The increasing income per person in the United States and the rise in general welfare are obviously to be attributed primarily to the increase of manufactured products, rather than of agricultural products.

If agricultural production in the United States during the past quarter century has increased less rapidly than the population (except during the few years since the World War), despite all the advance in scientific knowledge and the development of a vast organization for dissemination of this knowledge and promotion of agriculture, how can agricultural production in China be expected to increase as rapidly as the population might increase if it were not restrained by the diseases, biological and political, that accompany poverty and ignorance?

The principal hope for improvement in the general welfare of the Chinese people is to be found, the writer believes, in the rapid expansion of manufacturing, — so rapid that it will be greater than the increase in population that may result. If manufacturing can be expanded so rapidly as to attract labor from the farms more rapidly than men can be reared on the farms, thus raising wages and encouraging greater efficiency per man in agriculture, as well as manufacturing, China will have solved its population problem.

In view of China's limited mineral resources, particularly of iron, it will be difficult to achieve such an increase in manufacturing. It is wholly possible, however. In Japan, largely through the development of manufacturing and commerce, the standard of living has improved greatly in the past fifty years, despite a doubling in population and despite the handicap of agricultural and mineral resources that are far inferior to those of China. This example of Japan should stimulate the political leaders of China, as well as the agriculturists and business men, to consider how the vast areas of unutilized arable land in the Republic can be put under the plow and how the vast supply of labor, as industrious and inherently capable as any in the world, can be utilized in the further development of manufacturing. With land and labor so abundant, it would appear that the principal need is capital, and particularly that form of capital represented by machinery for the production and utilization of power.

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CHINA'S COAL RESERVES

By H. Foster Bain

IT has long been customary to think of China's present and potential power as residing in her many millions of frugal, intelligent and industrious people. The capacity of Chinese laborers to over-work and under-live their competitors is indeed real, as witness the steady influx of Chinese rather than Japanese into Manchuria. But the world's work is no longer done by human hands. Energy derived in part from waterfalls but mainly from use of mineral fuels has taken over the job; and it is as true in China as elsewhere that the worker who eats, though he require ever so little food, can not compete with the invisible slave who works but does not eat. A ton of coal will do the work of a thousand men in a day, while to feed a thousand men would require more than a ton of much more valuable material. In China the household industries are retreating before the factories, as they have in every other country that has felt the energizing breath of the industrial revolution. When men compete with horses, as coolies in many parts of China do in the carrying of goods, they must accept the horse's standard of living and food — and for men it is a miserable standard. How much lower, then, must they fall if they compete against mechanical power! History has shown over and over that they can not stand such competition but must instead accommodate themselves to the presence of the new power and make themselves its masters rather than its competitors.

Another lesson history has taught us is that a master inevitably takes on the standard of living proper to a master. This also is true in China. On many of the railways the engine driver insists on an assistant. To his way of thinking anyone capable of making so powerful a machine as a modern locomotive do his will, is much too grand a person to get down and minister to its wants by putting soothing drops of oil on hot bearings. It is a very human attitude. The world over, as machinery has come in and output of goods has increased, the power of the people to consume has followed suit. Standards of living have steadily risen. Visions of a "Yellow Peril" based on Chinese laborers equipped with modern machinery are unfounded. They leave out of view the essential fact that when and as Chinese (or any people) enter the machine age, they become like others — at least as to their wants. They produce more, but they consume more. Despite all the distractions of civil war, and despite the growth of local manufacturing, the imports of China have gone steadily up. Regardless of effects on particular industries and lines of trade, the world as a whole may safely welcome rather than fear such industrialization of our great neighbor to the East as she may find to her own best interest.

But what resources has China on which to found an industrial civilization, meaning thereby one in which industry is specialized and in which mining, manufacturing, and transportation take their place as equals of ancient agriculture? It is an interesting field for study.

It must be noted that as regards goods the difference between ancient civilizations — the Chinese is a contemporary ancient civilization — and our scheme of things is less in the amounts we eat and wear than in the other goods we possess. It is these other "goods" that make the difference. And, to the extent

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that they are material, they are overwhelmingly of mineral origin. Our population curve goes up slowly. Wheat consumption increases but little faster. But the production of coal and iron, those master minerals of modern industry, is recorded in a curve like the slope of a mountain. As Prof. C. K. Leith pointed out in FOREIGN AFFAIRS in July, 1925, "The world has used more of its mineral resources in the last twenty years than in all preceding time, and there is nothing to indicate a slackening of the acceleration which has occurred during this period." It may be added that the bulk of this great consumption has taken place in Western Europe and the Americas. The great populations of Asia particularly are still living in the main as did their ancestors and ours, devoting their energies largely to feeding and clothing themselves year by year.

Of all the minerals coal is the most important to modern civilization. The industrial revolution came only when coal was set to work. It needed steam for power and coke for metallurgy to permit the quantity production that gives us much wealth in goods per capita. Coal not only gives us comforting heat in our homes and yields many products that enter into the very warp and woof of modern industry, but it does most of our work. The total water power available would be much too small to do the world's work today, and nature unkindly has often situated the great waterfalls where there is little else to induce settlement. But coal can be moved anywhere and accommodatingly supplies the power to move itself. But it is bulky and loses value en route. Industry, therefore, usually comes to the coal fields rather than the reverse. Whatever may be true at some distant period in the future, when we may be using other forces of which we as yet see little more than shadows, now and for such period as we can foresee the centers of the world's power are and will be in the countries that contain coal. Oil is important, but in the world's long history oil production is likely to figure as an episode rather than an era.

How much coal, then, has China? It is important to determine this if we are to gauge the part she may play in the future. At present, with a population four times as great as that of the United States, the annual work output of the latter is 7½ times as large. China now mines and uses from 20,000,000 to 25,000,000 tons of coal per year. The United States consumes normally about 600,000,000 tons. The average annual per capita consumption in 42 Chinese cities, according to C. Y. Hsieh, is now 0.32 tons; the highest is 1.3 tons. This highest figure is only a little beyond the figure of the coal consumed in the United States for domestic heating alone. For the whole United States the average is about 5.5 tons per capita, and in New England it is 7 tons per capita. Evidently if the Chinese come to use coal with the freedom we do they must enormously increase their output. It is a question of great practical importance whether their coal fields would meet such a demand for any long period.

The general subject of possible Chinese reserves of coal, and of other minerals, was recently studied by a group of members of the Council on Foreign Relations. Its report [1] need not be summarized here other than to say that the Far East was found to be generally deficient in minerals. The major exception to the rule was the abundance of coal in China. While the evidence was conflicting and estimates varied widely, it was none the less clear that China is one of the countries fortunate enough to possess immense quantities of coal. At the time there was no adequate basis for deciding between the different estimates,

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and since maximum possibilities were being sought, the largest figure, that of an American engineer, N. F. Drake, was accepted provisionally. Drake, for some years professor at the Pie Yang University at Tientsin, was a man of experience and judgment. But the country was large and his opportunities for personal observation were, after all, limited. His estimate of 996,612 million metric tons was submitted to the International Geological Congress in 1913 as the best then available. K. Inouyè, Director of the Imperial Geological Survey of Japan, also submitted figures; his total only came to 39,565 million tons, but this was admittedly incomplete. V. K. Ting, the brilliant founder of the Geological Survey of China, discussed the discrepancy and concluded that Drake's figures were, on the whole, "of the right order of magnitude." The Geological Survey was then young and, as is still the case, inadequately financed, so that although its staff is able, complete figures have accumulated slowly. W. H. Wong, successor to Ting, made up estimates on the basis of such surveys as had been completed and in the 1924 "China Year Book" listed a total of 23,435 million tons of fairly proved coal reserve and estimated 40,000 to 50,000 million tons as "a good figure for the total of Chinese coal resources." Fuller and Clapp, two experienced American geologists who had worked in Shensi and Shansi, early in 1927 published revised estimates of the reserves in these two provinces. Since the largest known fields are in these provinces, and Fuller and Clapp had excellent opportunity to determine the facts, their estimates are of first importance.

Recently there has been distributed by the Geological Survey of China a special report by C. Y. Hsieh which includes a "General Statement on the Mining Industry 1918–1925." Among other new data it includes a summary of the results of various coal field surveys made in recent years. Among the provinces that have been studied is Shansi, to which Hsieh credits a reserve of 127,115 million tons. This may be compared with the 190,909 of Fuller and Clapp, 5,830 of Wong, 1,200 of Inouyè, and 714,340 of Drake. It is explained that Wong's estimate included only proven fields, while Hsieh, as is usual and proper enough, has included all probable areas. The truth probably lies somewhere between the figures of Hsieh and those of Fuller and Clapp. There is less agreement as to Shensi, where Hsieh estimates 6,968 million and Fuller and Clapp 132,727. The total for all Chinese fields is now estimated by Hsieh at 217,626 million tons. This, it may be added, would give to each Chinese a reserve of 549 tons as compared with 94 allowed by Wong's estimate and 2,330 by Drake's. For comparison it may be recalled that the per capita reserve of the United States is 34,274 and of Japan 150 tons.

According to these latest figures the coal reserve of China, then, would be somewhat larger than that of post-war Germany, 163,516 million tons, but far below that of Canada, 819,465 million tons. That is sufficient to furnish power for considerable industrialization, but if China is going to use it with the same liberality per capita that the nations of Western Europe and North America have done, then clearly she has not got a coal reserve sufficient for any very long time future. On the basis of the same per capita consumption as now obtains in the United States, the Chinese reserve as estimated today would last 100 years, the Japanese 26 years, the American 6,230 years.

[1] H. Foster Bain: "Ores and Industry in the Far East," New York, Council on Foreign Relations, 1927, 229 pp.

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A LETTER OF COUNT TISZA'S

By Hamilton Fish Armstrong

COUNT STEPHEN TISZA, whose hitherto unpublished letter is printed below, was one of the men who counted in the affairs of pre-war Europe. He was a thorough Magyar, a Calvinist, strong-willed and calculating, jealously watchful over the rights of his half of the Dual Monarchy against possible encroachments either by the Germans of Austria or by the Slavs and Rumanians who came within his jurisdiction as Premier of Hungary. These he openly despised, nor did he hold the Germans of Austria in much greater esteem. The annals of the Dual Monarchy are full of his encounters with the various Joint Ministers for Foreign Affairs, for Finance, and for War; and his disputes with the Archduke Francis Ferdinand, who detested him, were innumerable.[1]

We know much of Count Tisza's attitude toward the war (both before the Austro-Hungarian ultimatum was actually sent to Serbia and during the hostilities) from the memoirs of his colleagues.[2] We also get light from the German, Austro-Hungarian and British collections of documents, among the most important being the Minutes of the two Ministerial Councils held in Vienna on July 7 and 19, 1914.

Since the war many Magyar writers have dwelt upon the doubts entertained by Count Tisza regarding the wisdom of commencing hostilities against Serbia, and thence have argued that Hungary was less responsible for the ultimatum than Austria. This seems only partly justified. A careful reading of the Minutes of the two Ministerial Councils, and of the official correspondence between Vienna and Berlin (in which Tisza's attitude was freely discussed), shows that he had doubts more on the score of expediency than of morals. He was a confirmed opponent of any move which might interfere with the favorable position held by Hungary in the joint affairs of the Empire, and he foresaw that a successful war with Serbia would almost inevitably result in the addition of new Slav provinces, thus strengthening the hands of the Viennese statesmen who were pressing for the transformation of the Dual into a Trial Monarchy, with the Slav peoples on a par with the Hungarians. Besides, he was doubtful whether the war would be successful.

The following letter from Count Tisza was written less than a week after the assassination of the Heir Apparent at Sarajevo on June 28. It is addressed to Ritter von Bilinski, Joint Minister for Finance, apparently in reply to a telegram from Gen. Potiorek, Governor of Bosnia and Herzegovina, a copy of which Bilinski had forwarded to Count Tisza two days earlier. The two annexed provinces were under the general supervision of the Joint Finance Minister, and it was natural that he should have transmitted information to

[1] Prince Ludwig Windischgraetz writes ("My Memoirs," p. 49) that when news came to Budapest of Franz Ferdinand's death "Tisza's party made no attempt to conceal their joy."

[2] Among these are the four massive volumes by Field-Marshall Conrad von Hötzendorf, "Aus meiner Dienstzeit," Baron Szilassy's "Der Untergang der Donau-Monarchie," von Musulin's "Das Haus am Ballplatz," Count Czernin's "In the World War," Count Karolyi's "Fighting the World," and the war memoirs of Prince Ludwig Windischgraetz and of Gen. von Cramon, who for four years was the German army representative at the Austro-Hungarian great headquarters.

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Count Tisza and received his reply. Officials of the Jugoslav Government who were sent to Vienna after the collapse of the Empire found the document in the Bosnian archives of the Ministry of Finance, and it is now in the archives at Belgrade. The writer obtained a copy there recently.

VIENNA, *July 3, 1914.*

YOUR EXCELLENCY:

Thanking your Excellency most sincerely for the transmission of the code telegram of the "Landeschef" (Governor) of the 1st instant, I take the liberty, immediately following its perusal, to say that I consider it absolutely necessary to discuss the policy to be followed in Bosnia-Herzegovina at a general conference of ministers to be called very shortly. This conference would have to decide in regard to the dissolution of the Provincial Assembly and in regard to eventual "exceptional measures," such as censorship, changes in the electoral laws, etc.

Till then there will be nothing to do but to carry out — in a firm and consistent manner, to be sure — the police and administrative measures essential to the maintenance of order and the combating of treasonable agitation.

In view of the revelations contained in Your Excellency's telegram of June 30th regarding the situation in Bosnia-Herzegovina, the local administration can scarcely have the right to lay the blame on Serbia, when they themselves passively watched the agitation spread in their own land and allowed it to grow unchecked until awakened from their optimism by the horrible deed of the 28th.

If facts are produced which justify us in making a démarche in Serbia, then whatever is necessary must be done. Serbia will hardly give us just grounds for warlike measures, and without them it would be an inexcusable mistake to enter upon such a war.

The main thing is, and continues to be, to establish order in our own country, and in this connection I cannot help referring to the genuinely shocking revelations which must be made in the course of the Sarajevo investigation.

That details which ought to have been kept absolutely secret for the success of the investigation, as well as for controlling the political atmosphere, should appear at once in the newspapers, shows a forgetfulness of duty, a frivolity and a demoralization among the officials concerned which surpasses all belief, and I cannot understand why such a situation should be tolerated for a single day.

In the interest of this most important state matter, as well as for the good name and repute of our régime in Bosnia-Herzegovina, I have the honor most insistently to beg Your Excellency to relieve the situation by immediate and energetic measures.

Yours, etc.,

TISZA

This letter must have made unpleasant reading for Count Berchtold and Dr. von Bilinski, even though it did not greatly surprise them. It showed that Count Tisza was preparing to speak his mind about conditions in Bosnia at the Minis-

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terial Council which he insisted should be called "very shortly." It did in fact meet four days later. Dr. von Bilinski attempted to defend Gen. Potiorek by remarking that he was on the spot and could best judge what measures needed to be taken. Turning on him, Count Tisza said (in the third-person paraphrase of the official Minutes): "He had the highest opinion of the present Governor (Gen. Potiorek) as a soldier, but, as regards the civil administration, it could not be denied that it had broken down completely and that reform was absolutely essential." But Tisza's language (at any rate as reported) was less severe than what comes to light in the present letter, nor do the Minutes mention the argument which he here uses, that it would be difficult to blame Serbia for tolerating Jugoslav revolutionary propaganda on her soil in view of the remissness and incompetence shown by the Austro-Hungarian administration in coping with it in Bosnia itself. Even then, however, he seems to have been ready for war in certain contingencies, for he adds: "If facts are produced which entitle us to make a démarche in Serbia, then whatever is necessary must be done."

The July 7 Ministerial Council was one of the decisive points in the course which Berchtold was shaping towards war. Tisza was driven slowly from one position to another. He argued that the future of the Empire could be protected by bringing Bulgaria into the Triple Alliance as a counter-weight to Serbia, and pointed out "what a frightful calamity a European war would be under present circumstances." Moreover, he argued, Russia might soon become entangled in Asiatic complications, Bulgaria might stage a war of revenge against Serbia, in fact all sorts of things might happen to improve the Empire's situation *vis-à-vis* Serbia without recourse to war. Above all he insisted that concrete demands must be made on Serbia before an ultimatum was sent or mobilization ordered. This was reluctantly agreed to by the others present, who thought that even a "startling humiliation" of Serbia would be without value, and that the demands on her must therefore be "so far-reaching as to pre-suppose a refusal, so that the way would be prepared for a radical solution by means of military intervention."

At long last, Count Tisza, being "desirous of meeting the views of all present," abandoned his firm ground of political and military expediency and merely maintained that though the demands put to Serbia must be "very hard" yet they "must not be of such a nature as to cause our intention of putting inacceptable demands to become obvious." "Otherwise," he added, and the remark shows how far he had been won to Berchtold's scheme, "our legal position would be an impossible one for the declaration of war." In reporting to Berlin the next day Ambassador von Tschirschky says, "I have the impression that Count Berchtold regards Count Tisza as an element of incumbrance."[3] His impression was stale or else Berchtold did not reveal his whole mind to his German colleague. Berchtold himself knew that he had won, for in summing up the situation at the end of the Council he had noted that they were all "nearer agreement, inasmuch as the Hungarian Premier's own proposals would in all probability lead to that armed conflict with Serbia which he (Berchtold) and the other members of the meeting held to be necessary."

So, indeed, the event proved. Tisza still talked vaguely about proceeding

[3] Kautsky document No. 19.

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against Serbia "like gentlemen,"[4] but his words no longer worried the chauvinists. The military difficulties of delay were pointed out to him, as also Germany's impatience at seeing Austria let slip this chance of chastising her small neighbor. By July 14 Tschirschky was able to inform Berlin of Tisza's statement that he was "now firmly convinced" of the necessity for war; indeed, Berchtold told Tschirschky that Tisza had come to call that same day to go over the ultimatum and "had even introduced a sharper tone at various places."[5] It was a long transition from the position taken up in Tisza's letter of July 3, when he spoke of the difficulty of blaming Serbia and the "inexcusable mistake" that it would be to force a war. But Kaiser Wilhelm was pleased. "Well," he said, "a real man at last."

Our July 3 letter does not add anything startling to what we know of Tisza, but it gives us one of his first considered statements as to what he thought the policy of the Hapsburg Empire should be toward Serbia as a result of the Sarajevo crime, and lets us judge how far away from his original position Berchtold led him in ten days of argument. It is one more bit of vivid glass added to the mosaic picture of the month when war and peace hung in the balance.

[4] Beside this phrase on the margin of Tschirschky's report Kaiser Wilhelm wrote: "To act 'like gentlemen' to murderers, after what has happened! Idiocy!" Kautsky document No. 29.

[5] Kautsky documents Nos. 49 and 50. But his conversion to Berchtold's thesis did not prevent Tisza from adopting a misleadingly hopeful tone in his replies to interpellations in the Hungarian Parliament, and even on the morning after he had given the Hungarian newspapers copies of the ultimatum he maintained that it was "grave, but not provocative or aggressive." See Max Müller's reports from Budapest in "British Documents on the Origins of the War," Vol. XI.

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THE NEW CONSTITUTION OF THE PALESTINE JEWS

By Jacob Lustig

THE question of organizing the Jewish community in Palestine into a juridic personality was one of the chief matters discussed at the ninth session of the Permanent Mandates Commission of the League of Nations in Geneva in June, 1926. Mme. Wicksell, the Swedish member who acted as rapporteur, said in her enlightening report that in a country where religion permeated so many municipal and state functions, the problem of organizing religious sects into separate entities was extremely difficult and required a great deal of caution and patience. For example, the Committee had before it a detailed protest from a body of dissentient Jews of Palestine, called the Vaad Hair Hashkenazic, who were opposed, on dogmatic grounds, to forming part of an organized community with persons having different religious practices and principles. This sect, though including only 6,000 or so out of the 140,000 or 150,000 Jews in Palestine, had an importance far beyond its numbers because it was backed by an authoritative and powerful organization of Jewry which made religion a part of its political program — namely the Agudath Israel, which had a large membership in the countries of Central and Eastern Europe. The Agudath Israel had been negotiating with the authorities in Palestine and London on many matters of interest to the more religious section of Jewry, and it also had been trying to arrive at a *modus operandi* with the Zionist Organization, which under the terms of the Mandate was regarded as the Jewish agency that should be consulted by the Mandatory Administration in all matters affecting the welfare of Palestine.

When Madame Wicksell made her report, the regulations of the Jewish community in Palestine were still hypothetical. There was in force a "Religious Communities Ordinance, 1926," under which religious communities were authorized to organize and were given autonomy over their internal affairs. Separate regulations were to be made suited to the special community concerned, including the constitution of religious and cultural councils possessing legal personality; these councils were to be given power to impose taxes for communal purposes upon members of the community, such taxes to be recoverable in the same manner as municipal taxes.

But just what was this "internal autonomy"? The concept was so vague that there was danger of its creating conflicts with the ordinary duties of state or city. The answer has now been given in the "Regulations for the Organization of the Jewish Community in Palestine, 1927," published in draft form in the *Official Gazette* in July, 1927.

These regulations are the outcome of a persevering struggle on the part of the Jews in Palestine for a measure of autonomy compatible with their status as a community which is one day to form the national home. The regulations recognize one single Jewish community in Palestine. But in order to do justice to the various Jewish groups which for decades, in some cases for centuries, have been organized as congregations according to their countries of origin, as

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well as to those who for one reason or another refuse to associate themselves with the general body of the community, special provisions are inserted with regard to individual congregations, which are defined as bodies of Jews combined for religious purposes.

Naturally, however, the regulations deal mainly with the general community, which is to have its own secular and religious organs. There is to be an assembly, elected on a very democratic basis by the votes of all adult Jews and Jewesses. This assembly will in turn elect a national council or executive committee, which will supervise the general affairs of the community as a whole and will act as the representative body of Palestine Jewry. It is highly important to note that the council will have vested in it general powers of taxation, which will be exercised for purposes of education, poor relief, care of orphans, care of the sick, and the maintenance of religious and lay organs of the community; also for the ritual slaughter of animals, for the baking and sale of unleavened bread, and for the grant and ratification of certificates. The lay organs of the community, i. e. the elected assembly, the general council, and the local communities, will exercise general supervision over the affairs of the Palestine community. But there will also be religious organizations, elected on a somewhat different basis. In religious affairs these will be thoroughly independent, though subject in administrative and financial matters to the general control of the lay organs, in other words, of the community as a whole.

To understand the deeper meaning of these regulations, which represent the outcome of a struggle that began with the first days of the new régime in Palestine, one has to appreciate fully the differences that have always prevailed between various sections of Judaism the world over. The differences are not dogmatic, in the true sense of the word, but they have always presented themselves in a dogmatic shape and have therefore been extremely difficult to overcome. In the case of Palestine Jews, the dogmatic or pseudo-dogmatic differences have now been satisfactorily settled, at all events in theory. This is due to the forbearance and patience of the British authorities in Palestine and in London, as well as to the moderation displayed by the bulk of the Jewish community, who were most anxious to put their domestic affairs in order on a thoroughly constitutional basis.

The constitution of the Palestine Jews has more than a local or merely Jewish import. Since the emancipation in Western Europe some states have made real attempts to crystallize and organize their Jewish citizenry into one homogeneous body. Efforts of this sort were made at one time by the Kings of Poland, who gave Jewish Courts a fairly comprehensive jurisdiction over the Jewish community in civil as well as in criminal matters. The Ottoman Empire and some parts of the old Austro-Hungarian Empire tried the same thing in a more limited way. The present Palestine constitutional experiment seems likely to bring the idea of Jewish autonomy measurably nearer realization.

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SOME RECENT BOOKS ON INTERNATIONAL RELATIONS

By William L. Langer

General International Relations

THE ESSENTIALS OF INTERNATIONAL PUBLIC LAW AND ORGANIZATION. By Amos S. Hershey. New York. Macmillan, 1927, 806 pp. $4.75.

The revised edition of an excellent text-book.

GRENZEN IN IHRER GEOGRAPHISCHEN UND POLITISCHEN BEDEUTUNG. By Karl Haushofer. Berlin: Vowinckel, 1927, 351 pp. M. 18.

An exhaustive treatise by one of the leaders of the "geopolitical" school.

THE LEAGUE OF NATIONS; FROM IDEA TO REALITY. By Robert Jones and L. S. Sherman. New York: Putnam, 1927, 229 pp. $1.50.

A survey of the whole development of the idea of world unity, with an account of the organization of the League. Really too pretentious to be thorough and scholarly.

DAS FRIEDENSWERK DER KIRCHE IN DEN LETZTEN DREI JAHRHUNDERTEN. By Joseph Müller. Berlin: Deutsche Verlagsgesellschaft für Politik und Geschichte, 1927, 483 pp. M. 25.

Volume I of a monumental work based upon the papers of the Vatican. The author here gives a selection consisting of about two hundred documents, to illustrate the mediations and arbitrations carried through by the Church from 1598 to 1917.

DIAGNOSE DES ZEITALTERS. By Richard Bie. Weimar: Duncker, 1928, 212 pp. M. 4.50.

A stimulating though somewhat sensational essay forecasting the domination of the world by four great forces — Catholicism, Nationalism, Americanism and Russianism.

THE ECONOMIC CONSEQUENCES OF THE LEAGUE. By Sir Arthur Salter and others. London: Europa Publishing Company, 1927, 245 pp. 12/6.

A large number of experts, drawn from many countries, enthusiastically discuss the work of the recent International Economic Conference. Many of the essays are of a high order, and the documents in the appendix are convenient and useful.

DOLLARS AND WORLD PEACE. By Kirby Page. New York: Doran, 1927, 124 pp. $1.50.

A well-known pacifist writer presents once more the dangers arising from nationalism, industrialism and imperialism, lays bare the shortcomings of our own attitude and policy, and calls for a broader point of view and more constructive action in the matter of our colonial policy, our trade policy and questions arising from international debts.

ECONOMIE MONDIALE ET PROTECTIONISME. By Laurent Duchesne. Paris: Sirey, 1927, 130 pp. Fr. 15.

An excellent essay, by a Professor at the University of Liege, re-examining the problem of international trade relations.

PEACE OR WAR? By Lieutenant-Commander J. M. Kenworthy. New York: Boni and Liveright, 1927, 338 pp. $2.50.

One of the noteworthy books of the past few months. The author, who served as a British naval officer during the world war, has become since then a convinced pacifist and prominent leader of the British Labor Party. The strongest part of the book is the disillusioning survey of the world scene and the examination of the possible danger spots in the existing situation—Anglo-Russian antagonism, the Balkan cockpit, the Mediterranean problem, Franco-German differences, and Anglo-American rivalry in

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the field of raw materials. The writer makes it quite clear that no peace can be hoped for until war is really outlawed. The League, he believes, is quite ineffective and cannot be depended upon. What he suggests is combined economic pressure on any law-breaking state, but the details of his proposal are by no means entirely convincing.

GUERRE À LA GUERRE. By General Percin. Paris: Montaigne, 1927, Fr. 12.

A well-known French military man makes out a telling case against war.

LE DÉSARMEMENT. By Léon Jouhaux. Paris: Alcan, 1927, 215 pp.

The author, one of the French delegates to Geneva, gives a succinct account of the progress made to 1925, and then outlines the main problems involved and the possible solutions. He advocates the substitution of a militia for the standing army and urges the necessity for the reduction of all armaments, which he considers feasible by international agreement. The question of controlling the manufacture of the instruments of warfare, and trade in them, is developed at considerable length. The whole book is remarkable for its competence and sincerity.

ARMAMENTS AND THE NON-COMBATANT. By E. F. Spanner. London: Williams and Norgate, 1927, 333 pp. 12/6.

A sensational book, not free from contradictions. The author suggests the substitution of airships for naval craft, and proposes that the decision in questions of policy and expenditure be left to the public rather than to the professional politicians.

THE MECHANIZATION OF WAR. By Victor W. Germains. London: Sifton Praed, 1927, 269 pp. 8/6.

A solid study of the interdependence of services and the value of mechanical contrivances in modern warfare.

International Relations of the United States

QUI SERA MAÎTRE? EUROPE OU AMÉRIQUE? By Lucien Romier. Paris: Hachette, 1927, Fr. 12.

Perhaps the outstanding book on America since the publication of André Siegfried's volume. The writer is well-known as a critic and essayist in the field of modern economics, and in this book stresses throughout the economic basis in American life. He draws a careful distinction between the cultural composition of the United States and that of most European countries, and shows how our peculiar economic advantages have made possible the growth of a unified state. While admitting our superiority in matters of business and industrial production, he stresses the fact that in the long run the victory as between Europe and America will depend largely upon the spiritual factors. Taken by and large, an extremely interesting and worthwhile study.

LES ÉTATS-UNIS D'AMÉRIQUE. By Firmin Roz. Paris: Alcan, 1927, 280 pp. Fr. 18.

A general economic and political survey, of the type recently so popular.

WOODROW WILSON. LIFE AND LETTERS. By Ray S. Baker. Garden City: Doubleday Page, 1927, two volumes, $10.00.

The first two volumes of the standard biography of the late president, reviewing his career from 1856 to 1910. The author gives an account of Wilson's formative years, and, through the use of a mass of unpublished correspondence, is able to add materially to our knowledge of the influences and ideas that composed the Wilsonian outlook.

THE AMERICAN REINFORCEMENT IN THE WORLD WAR. By Thomas G. Frothingham. Garden City: Doubleday Page, 1927, 427 pp. $3.00.

In remarkably brief scope the author has given us what is probably the best general account of the American contribution to victory. By far the larger part of the book is taken up with a review of conditions when the United States entered the conflict, and

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the story of the recruiting, equipping and transporting of the forces. The author has been supplied with a goodly amount of material by Mr. Newton D. Baker, so that in a sense the book may be regarded as the first presentation of the subject from the viewpoint of the War Department and the officials directly responsible.

AMERICAN POLICY IN NICARAGUA. By Henry L. Stimson. New York: Scribner, 1927, 129 pp. $1.25.

This may be taken as the first systematic account of the government view in the Nicaraguan question. The author, who went to Nicaragua in March, 1927, as the President's special representative, and who was responsible for the agreement with the warring factions, here gives a sketch of the historical background of the problem, stressing the importance of Nicaragua in the foreign policy of the United States, and recounting in some detail his negotiations with the rival parties. The book is written in a dispassionate way, and throws light on some obscure and intricate phases of the crisis.

THE LOOTING OF NICARAGUA. By Rafael de Nogales. New York: McBride, 1928, 304 pp. $2.50.

This book may be recommended for reading in conjunction with the preceding, and with Prof. Haring's book, listed under the heading "Latin America." The writer, a famous Venezuelan general, gives the history of the exploitation of Nicaragua as he sees it and as no doubt many other Latin Americans do. He then proceeds to an account of his own observations and experiences during a recent journey through the country. He finds almost nothing to say for the American policy and regards the whole incident as a classic example of ruthless and indefensible imperialism to be taken to heart by all Latin Americans.

IMMIGRATION CROSSROADS. By Constantine Panunzio. New York: Macmillan, 1927, 307 pp. $2.50.

A sympathetic reconsideration of the immigration problem, written from the immigrant's viewpoint by one who has made a close study of the situation as it has developed and as it is now handled. He exposes certain weaknesses of the present system and urges the necessity of a broader international viewpoint in the matter of restriction.

PROBLEME UND ENTSCHEIDUNGEN DER DEUTSCH-AMERIKANISCHEN SCHADENS-COMMISSION. By Wilhelm Kiesselbach. Mannheim: Bensheimer, 1927, 473 pp. M. 40.

An exhaustive treatise on the work of the German-American claims commission.

Western Europe

LE ORIGINE ECONOMICHE E DIPLOMATICHE DELLA GUERRA MONDIALE. By Alberto Lumbroso. Milan: Mondadori, 1926, 544 pp. L. 35.

The first volume of an imposing history of the causes of the war, dealing largely with the economic factors. The author sees the ultimate reason for the catastrophe in the imperialism of the Anglo-Saxon race, and holds England chiefly responsible. The thesis, which will naturally meet with much opposition, is developed in a scholarly way, and the book is to be taken as the classic formulation of a rather novel viewpoint.

L'ALLIANCE FRANCO-RUSSE. By Georges Michon. Paris: Delpeuch, 1927, 320 pp. Fr. 25.

The first systematic study of the history of the famous combination from its beginning in 1891 to the collapse of one of its members in 1917. Starting with the present-day disillusionment of the average Frenchman, the author examines the circumstances under which the alliance was concluded and the manner in which it worked. He blows most of the pollen off the flowers, but his book is one of the most notable of recent French contributions in the field of diplomatic history.

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UN LIVRE NOIR. 1910–1917. Volume III. By René Marchand. Paris: Librairie du Travail, 1927, 135 pp. Fr. 12.

The third volume of a well-known collection of Russian documents, covering the period from 1914–1915, with interesting revelations of the secret diplomacy of the first year of the war.

RUSSLAND UND DER WELTKONFLIKT. By Friedrich Stieve and Graf Max Montgelas. Berlin: Verlag für Kulturpolitik, 1927, 177 pp. M. 6.

Two German experts on the origins of the war completely demolish the apology recently published by Sazonov, and quote extensively from the available documentary material to refute the late Russian foreign minister's account statement by statement.

DER KAMPF DER DEUTSCHEN LIGA FÜR MENSCHENRECHTE FÜR DEN WELTFRIEDEN. By Otto Lehmann-Russbüldt. Berlin: Hensel, 1927, 190 pp. M. 4.50.

A survey of the activities of the German peace league from 1914–1927, proving that at least some Germans were pacifically inclined.

NEUF ANNÉES DE SOUVENIRS. L'UNION SACRÉE. By Raymond Poincaré. Paris: Plon, 1927, 552 pp. Fr. 25.

The fourth and most important volume of the French statesman's reminiscences, covering the period from January, 1914, through the declarations of war. A just estimate of the value of his contribution to the story of the origins of the war can be made only after careful examination and comparison with all other available sources, but a first reading leaves a sense of disappointment. It was not to be expected that the former President would criticise himself, but it could be fairly hoped that he would give a rather more extensive account of French policy and the considerations which lay behind it. In discussing the all-important visit to St. Petersburg in July, for example, the author takes us to all the reviews, dinners, receptions and visits, but when he discusses the critical international situation he quotes rather from the German and Austrian documents than from the French papers which are at his disposal. On the whole he appears to be more intent to prove the case against the Central Powers than to throw light on the policy of the French Government.

AUF DEM WEGE ZUM ABGRUND. By Prince Karl Max Lichnowsky. Dresden: Reissner, 1927, 360, 346 pp. M. 14.

The writings and papers of the former German ambassador to London. The larger part of these two volumes is taken up by his correspondence with the German Foreign Office and writings such as *My London Mission*, which have already been published.

MEINE LETZTEN VERHANDLUNGEN IN ST. PETERSBURG. By Count Friedrich Pourtalès. Berlin: Deutsche Verlagsgesellschaft für Politik und Geschichte, 1927, 198 pp. M. 15.

A new edition of the memoirs of the former German ambassador to St. Petersburg, supplemented by the texts of his correspondence with his government in the critical days of July, 1914.

ZWEI JAHRZEHNTE IM NAHEN ORIENT. By Baron Wladimir Giesl. Berlin: Verlag für Kulturpolitik, 1927, 331 pp. M. 10.

The reminiscences of the former Austrian diplomat, who spent fully twenty years at the various Balkan courts. This is easily one of the most important contributions yet published on the history of the Near East in the pre-war period, and takes up all the important crises from the Turkish-Greek War of 1897 to the days of Sarajevo. There are excellent appreciations of such personalities as Ferdinand of Bulgaria, Abdul Hamid, Pashitch, and the Russian minister at Belgrade, M. Hartwig. Baron Giesl makes the astonishing statement that in his opinion war might have been avoided had not Hartwig dropped dead in the Austrian Legation at the beginning of the crisis of 1914.

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DER ZUSAMMENBRUCH DES OTTOMANISCHEN REICHES. By Joseph Poniankowski. Vienna: Amalthea, 1928, 444 pp.

Another contribution of the first magnitude. The writer was Austro-Hungarian military attaché at Constantinople from 1909 to 1918 and his reports on the situation were largely relied upon by such men as Conrad. The part played by the clash of Russian, German and English interests in the Near East in bringing about the war is ably analyzed and emphasized. A book that cannot be ignored by those interested in Near Eastern history.

DE MOBILIZATION BIJ DE GROOTE EUROPEESCHE MOGENDHEDEN IN 1914. By C. J. Snijders and R. Dufour. Leyden: Sijthoff, 1927, 336 pp.

A systematic study of the critical question of mobilizations in 1914, with a sound appreciation of the influence of the general staffs upon the outbreak of the war.

LIONS LED BY DONKEYS. By P. A. Thompson. London: Werner Laurie, 1927, 317 pp. 16/.

The title is facetious, but the book is really a well-informed and well-balanced brief outline of the World War.

REPUTATIONS TEN YEARS AFTER. By Captain B. H. Liddell Hart. Boston: Little Brown, 1928, 316 pp. $3.00.

A fascinating book by a well-known military writer, reviewing the careers and accomplishments of famous World War generals as seen at a distance of ten years. Joffre, Falkenhayn, Gallieni, Haig, Foch, Ludendorff, Petain, Allenby, Liggett and Pershing are passed in review and their actions put under the spotlight of present day knowledge. It is fair to say that the author gives some play to personal prejudices.

THE TWO BATTLES OF THE MARNE. By Marshall Joffre and others. London: Butterworth, 1927, 255 pp. 10/6.

The decisive battle as seen by Joffre, the German Crown-Prince, Foch and Ludendorff. There is nothing much new in the book, which is carelessly constructed, scrappy and inaccurate.

DESTRUCTIONS ET DEVASTATIONS AU COURS DES GUERRES. By General Robert Normand. Paris: Berger-Levrault, 1927, 316 pp. Fr. 15.

A careful technical study of the basis of reparations.

DER *MÖWE* FAHRTEN UND ABENTEUER. By Nikolas Graf zu Dohna-Schlodien. Stuttgart: Perthes, 1927, 223 pp. M. 6.80.

The spectacular and almost incredible career of the famous German commerce destroyer, told by her commander.

DIE ROTEN MATROSEN VON CATTARO. By Bruno Frei. Vienna: Verlag der Wiener Volksbuchhandlung, 1927, 84 pp. M. 2.50.

A little known episode in the history of the war, the Austrian naval mutiny of February 1, 1918, during which 6,000 sailors raised the red flag, formed sailors' councils and accepted the "fourteen points."

RUHRBESETZUNG UND WELTWIRTSCHAFT. Edited by Ernst Schultze. Leipzig: Gloeckner, 1927, 256 pp. M. 14.

A collection of studies on the effects of the occupation of the Ruhr on world commerce. The writers are experts from various countries, from whose investigations it appears that in its effects the French policy was second in importance only to the continental blockade.

THE RESTORATION OF EUROPEAN CURRENCIES. By D. T. Jack. London: King, 1927, 226 pp. 10/6.

A convenient straight-forward account.

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DE POINCARÉ À POINCARÉ. By Georges Suarez. Paris: Éditions de France, 1927, Fr. 12.

A review of recent French politics, evidently part of the coming electoral campaign.

LES LOIS DE LA POLITIQUE FRANÇAISE. By Charles Benoist. Paris: Fayard, 1928, 320 pp. Fr. 12.

The famous writer attempts to determine the underlying principles which condition the conduct of French policies.

LA FRANCE DES CINQ PARTIES DU MONDE. By Octave Homberg. Paris: Plon, 1927, 320 pp. Fr. 12.

A history and general survey of the French colonies, with a consideration of the spirit of French overseas expansion.

GRUNDZÜGE DER FRANZÖSISCHEN VOLKSWIRTSCHAFT. By R. von Ungern-Sternberg. Frankenstein: Philipp, 1927, 254 pp. M. 10.

A survey of French economic development from 1913 to 1927, stressing the greater industrial activity, the decline of the lesser bourgeoisie, and the influx of foreign labor.

THE LIFE OF DON QUIXOTE AND SANCHO. By Miguel de Unamuno. New York: Knopf, 1927, 327 pp. $5.00.

The famous Spanish intellectual and liberal indulges in subtle irony in discussing the affairs of his native country.

ON VA CATALUNYA? By Marcelino Domingo. Barcelona; Llansás, 1927, 228 pp. Pes. 4.

An important contribution to the history of the Catalonian movement.

LA DICTATURE MILITAIRE AU PORTUGAL. By Georges Guyomard. Paris: Presses Universitaires, 1927, 112 pp. Fr. 7.

A Frenchman's dispassionate account of his observations in Portugal.

L'ITALIA NELLA GUERRA MONDIALE. By Luigi Segato. Milan: Vallardi, 1927, 1126 pp. L. 180.

Two impressive volumes setting forth once again the history of Italy's participation in the conflict. Naval and aëronautic matters are dealt with in the appendices.

THE MEDITERRANEAN AND ITS PROBLEMS. By Major E. W. P. Newman. London: Philpot, 1927, 346 pp. 15/.

A much-needed survey of the Mediterranean problems in their larger connections. This is largely a collection of articles already published elsewhere, but all exhibiting a first-hand acquaintance which gives them permanent interest. The arrangement and construction are not all they might be.

MANUALE DI STORIA E LEGISLAZIONE COLONIALE DEL REGNO D'ITALIA. By Gennaro Mondaini. Rome: Sampaolese, 1927, 637 pp. L. 50.

The first systematic, scholarly history of Italian colonial history, written by an outstanding authority and devoting particular attention to the last ten years.

ITALIANI PER IL MONDO. By Celestino Arena. Milan: Alpes, 1927. 185 pp. L. 8.

The author discusses the emigration problem from the nationalist standpoint.

THE PEDIGREE OF FASCISM. By Aline Lion. London: Sheed and Ward, 1927, 242 pp. 10/6.

Certainly one of the most interesting recent books on Fascism, stimulating throughout. The authoress, a French lady, traces the development of Italian political thought from the Renaissance and Machiavelli, demonstrating the influence of Croce and Gentile and finally discussing the evolution of Fascism.

THE UNIVERSAL ASPECTS OF FASCISM. By J. S. Barnes. London: Williams and Norgate, 1927, 10/6.

One of the best general books on Fascism in English. The writer, long resident in

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Italy, gives an account of the rise of the Fascist movement and the development of Fascist ideas. He sees the experiment as an attempt to reintegrate the national forces and realize a type of industrial Christianity.

UNA RIVOLUZIONE E UN CAPO. By Agusto Turati. Rome: Libreria del Littorio, 1927, 195 pp. L. 10.

A highly interesting book, by one of the Fascist leaders.

L'OMBRE SUR ROME. By Paul Ronin. Paris: Figuiere, 1927, Fr. 10.

A sensational study of Fascism, no better and no worse than the average product.

STRENUOUS ITALY. By H. Nelson Gay. Boston: Houghton Mifflin, 1927, 226 pp. $3.00.

A record of the material progress made under the new régime, by a whole-hearted lover of Italy and sincere admirer of the *Duce*.

ASPETTI ECONOMICI DELLA VITA ITALIANA. By C. E. Ferri. Milan: Acquati, 1927, 322 pp. L. 20.

An excellent survey of developments from 1920 to 1925, written in a scholarly and dispassionate tone.

LA REFORME DE L'ÉTAT EN BELGIQUE. By H. Speyer. Paris: Librairie Générale de Droit, Fr. 18.

A professor at the University of Brussels examines the working of the Belgian Government and makes constructive suggestions for future development.

L'INDUSTRIE BELGE PENDANT L'OCCUPATION ALLEMANDE. By Comte Charles de Kerchove de Denterghem. New Haven: Yale University Press, 1927, 310 pp.

An excellent contribution in the Carnegie series which adds materially to our knowledge of the German occupation.

THE NEUTRALITY OF THE NETHERLANDS DURING THE WORLD WAR. By Amry Vandenbosch. Grand Rapids: Eerdmans Publishing Company, 1927, 349 pp. $4.00.

An exhaustive scholarly study of the legal aspects of Dutch neutrality.

DIE DEUTSCHE SOZIALDEMOKRATIE UND DIE AUFLÖSUNG DER NATIONALEN EINHEITSFRONT IM WELTKRIEGE. By Hans Herzfeld. Leipzig: Quelle and Meyer, 1928, 425 pp. M. 4.

One of the best studies of the domestic history of Germany during the war. The writer traces, in a scholarly way, the influence of conditions and the influence of Socialist leaders in preparing the breakdown of the old régime.

DIE WAHRHEIT ÜBER DEN PROPAGANDAFELDZUG UND DEUTSCHLANDS ZUSAMMENBRUCH. By Ludolf G. von dem Knesebeck. Munich: Fortschrittliche Buchhandlung, 1927, 168 pp. M. 2.50.

Deals especially with the part of the press, and publishes some twenty new letters of Ludendorff to the editor of the *Königsberger Allgemeine Zeitung*, throwing considerable light on such important matters as the dismissal of Falkenhayn.

REVOLUTION VON OBEN: UNSTURZ VON UNTEN. By Alfred Niemann. Berlin: Verlag für Kulturpolitik, 1927, 348 pp. M. 14.

An attempt to explain the origins and course of the German revolution exclusively by the actions of individuals. A very incomplete picture, though interesting in spots.

THE RISE OF THE GERMAN REPUBLIC. By H. G. Daniels. London: Nisbet, 1927, 304 pp. 15/.

Easily the best general account of recent German history available in English. The author, correspondent of the London *Times* in Berlin since the war, gives an unusually sane and objective account of the revolution, setting forth the policies of the Majority

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and Minority Socialists, and then traces the various stages in the establishment of the Republic. The chapters dealing with German domestic history during the occupation of the Ruhr are especially enlightening.

DAS NEUE DEUTSCHE REICH. By Alfred Schulze. Dresden: Jess, 1927, 259 pp. M. 4.50.

A high Saxon official gives an instructive survey of the constitutional situation.

L'ALLEMAGNE AUJOURD'HUI. By Maurice Pernot. Paris: Hachette, 1927, Fr. 12.

Pernot is one of the ablest French writers on foreign countries. In his panoramic view of present-day Germany he discusses the new moral outlook and touches on social changes, financial evolution, educational development, political conditions, the problems of federalism and decentralization, foreign policy and commercial expansion. His remarks on the possibility of a Franco-German rapprochement are especially timely, and his suggestion that the rapprochement begin in the economic field appears sound.

LA GUERRE OU LA PAIX? By General Denvignes. Paris: Tallandier, 1927. 320 pp. Fr. 10.

The results of six years observation in Germany. The writer sounds a note of caution to his countrymen and advises keeping the powder dry until the moral disarmament of Germany is complete.

VON VERSAILLES ZUR FREIHEIT. By Werner Freiberr von Rheinbaben. Hamburg: Hanseatische Verlagsanstalt, 1927.

A good brief survey of the course of German foreign policy since Versailles.

LE RAPPROCHEMENT FRANCO-ALLEMAND. By George Bonnamour. Paris: Delpeuch, 1927, 386 pp. Fr. 15.

A review of the Locarno agreements and their origins, with some unpublished documents and correspondence.

WALTHER RATHENAU. By Etta Federn-Kohlhaas. Dresden: Reissner, 1927. 256 pp. M. 5.

A sympathetic picture of Rathenau as a man, but hardly critical enough to be an authoritative study of his teaching.

GRUNDRISS DES OESTERREICHISCHEN STAATSRECHTES. By Ludwig Adamovich. Vienna: Staatsdruckerei, 1927, 647 pp. Sch. 26.

An authoritative exposition of the constitution and administrative law of the new Austrian Republic.

KRIEG UND KRIMINALITÄT IN OESTERREICH. By Franz Exner. New Haven: Yale University Press, 1927, 217 pp.

An impressive picture of the war's moral effects in Austria.

Eastern Europe

THE MAKING OF A STATE. By Thomas Garrigue Masaryk. New York: Stokes, 1927, 538 pp. $6.00.

The English translation of the memoirs of the great Czech leader. While reviewing his own remarkable career and outlining the stages in the evolution of the Czechoslovak state, Masaryk indulges in many digressions of a political-philosophical nature. For insight and perspective it is hardly equalled by any book dealing with the larger causes of the world conflict.

APPONYI ÉS AMERIKA. By Imre de Jósika-Herczeg. New York, 1926, 205 pp.

An account of the visit of the Hungarian statesman to the United States in 1923.

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LA POLONIA E LA GUERRA MONDIALE. By Carlo Capasso. Rome: Garroni, 1927, 269 pp. L. 20.

A careful study, published under the auspices of the Istituto per L'Europa Orientale.

DIE DEUTSCHEN IN LITAUEN. By Rudolf Heberle. Stuttgart: Ausland und Heimat, 1927, 159 pp. M. 6.

A good socio-political survey, with abundant statistics.

DOCUMENTS OF RUSSIAN HISTORY, 1914–1917. Edited by Frank A. Golder. New York: Century, 1927, 679 pp. $4.00.

A series of important documents, extracts from diaries and letters to illustrate the history of Russia down to the time of the Bolshevik revolution. The editing and the annotations are excellent.

RECOLLECTIONS OF A RUSSIAN DIPLOMAT. By A. Savinsky. London: Hutchinson, 1927, 316 pp. 21.

The writer was an official in the Russian foreign office from 1901 to 1910 and was minister to Sofia in 1914–1915. His book is an important contribution to the history of Russian foreign policy, particularly in the Near East.

DER ZUSAMMENBRUCH DER ZARENMONARCHIE. By Michael Smilg-Benario. Vienna: Amalthea, 1927, 302 pp. M. 12.

A beautifully illustrated book, in which the author contests the thesis of Miliukov that the Russian revolution was a national rising to save Russia from defeat, and stresses the social factors, both agrarian and proletarian.

LENIN. 30 JAHRE RUSSLAND. By Valerin Marcu. Leipzig: List, 1927, 356 pp. M. 6.

The title is misleading, but the book is a fine appreciation of Lenin as a man and as a personality. The illustrations are especially interesting.

RUSSIE 1927. By Alfred Fabre-Luce. Paris: Grasset, 1927, Fr. 12.

A brilliant picture by a well-known French writer frankly bourgeois in his views.

USSR. A WORLD ENIGMA. By Ivy Lee. London: Benn, 1927, 192 pp. 6.

A sensible, friendly picture of present-day Russia.

THE RUSSIAN LAND. By Albert R. Williams. New York: The New Republic, 1927, 293 pp. $1.00.

A series of sketches, many already published elsewhere, giving a straightforward view of the situation.

RUSSIA AFTER TEN YEARS. New York: International Publishers, 1927, 96 pp. $1.00.

The report of the American Trade Union Delegation.

RUSSLAND UND DIE OSTSEE. By Herbert Schroeder. Riga: Löffler, 1927, 277 pp. M. 8.

A study of the situation created by Russia's exclusion from the Baltic.

THE CHURCH AND THE RUSSIAN REVOLUTION. By Matthew Spinka. New York: Macmillan, 1927, 342 pp. $2.50.

A historical account of the effects of the revolution on the church.

DIE AGRARREFORMEN DER DONAU-STAATEN. By Willy Rumer. Innsbrück: Author, Fischergasse 50, 1927, 170 pp. M. 5.

A useful survey of the agrarian developments in Austria, Hungary, Czechoslovakia, Bulgaria, Rumania and Jugoslavia from 1917 to 1926.

LES BALKANS FACE A L'ITALIE. By Jacques Ancel. Paris: Bibliothèque d'Histoire et de Politique, 1928, Fr. 7.50.

A good summary of the grounds on which the Balkan nationalities fear Italian encroachment.

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KO JE KO V JUGOSLAVIJI. Zagreb: Nove Europa, 1927, 168 pp. Dinar 30.

The first edition of a *Who's Who* in Jugoslavia. Carefully edited and remarkably complete. A welcome addition to our knowledge of Balkan affairs.

NICOLA P. PASIC. By Oscar Randi. Rome: Instituto per l'Europa Orientale, 1927, 96 pp. L. 5.

A commemorative essay, surveying the career of the Serbian statesman.

ROUMANIA AND HER RULERS. By Mrs. Philip Martineau. London: Paul, 1927, 226 pp. 10/6.

Sketches of court life, in which the indefatigable Queen Marie figures chiefly.

LA BESSARABIE ET LA PAIX EUROPÉENNE. By J. Okhotnikov and N. Batchinsky. Paris: Librairie du Travail, 1927, 160 pp. Fr. 10.

The latest presentation of the Russian case.

The British Commonwealth of Nations

FIFTY YEARS IN A CHANGING WORLD. By Sir Valentine Chirol. New York: Harcourt Brace, 1927, 351 pp. $4.00.

The interesting reminiscences and reflections of the former foreign editor of the London *Times*. There are no indiscretions, but the book abounds in shrewd observations and well-balanced appreciations. The character sketches of men like Cromer, Kitchener, Alexander of Battenberg, Ferdinand of Coburg, Curzon and Holstein are particularly noteworthy.

WINSTON CHURCHILL: THE WORLD CRISIS. A CRITICISM. By Lord Sydenham of Combe and others. London: Hutchinson, 1927, 192 pp. 10/6.

A collection of criticisms of Churchill's third volume. The points made are frequently telling and the book should always be read in conjunction with Churchill's own account. Lord Sydenham's treatment of Churchill as a historian, Sir Reginald Bacon's reconsideration of Jutland, and a long general article by Sir Frederick Maurice are among the best things in the book.

EINE GESCHICHTE DER WIRTSCHAFTLICHEN ENTWICKLUNG ENGLANDS. By Lujo Brentano. Jena: Fischer, 1928, 666 pp. M. 25.

The first part of volume three of the great study by the German economist. He deals here with the nineteenth and twentieth centuries, taking up the rise of the middle class and later of the laboring class, as well as the trade union movement, the history of socialism and the development of social legislation.

A SHORT HISTORY OF THE BRITISH WORKING CLASS MOVEMENT. By G. D. H. Cole. London: Allen and Unwin, 1927, 237 pp. 6/.

The third volume of a systematic study, covering the years 1900 to 1927. The discussion of the events of recent years cannot, of course, be regarded as final, though the author attempts to be impartial.

INDUSTRY AND POLITICS. By Sir Alfred Mond. London: Macmillan, 1927, 337 pp.

The collected addresses of the great industrialist and former Minister of Health. Industrial relations, unemployment, science and industry and reorganization of industry are all discussed from a very modern standpoint.

JURISPRUDENCE BRITANNIQUE EN MATIÈRE DE PRISES MARITIMES. By Paul Fauchille and Jules Basdevant. Paris: Rousseau, 1927, 592 pp. Fr. 86.

The second volume of an exhaustive treatise by two of the foremost international lawyers in France. The period here covered is that from 1916 to 1919.

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THE ARMY AND SEA POWER. By Major R. B. Pargiter and Major H. G. Eady. London: Benn, 1927, 220 pp. 10/6.

A substantial study in strategy, showing the interdependence of the army and the navy throughout English history down to 1918.

THE BRITISH CONNECTION WITH INDIA. By K. T. Paul. London: S. C. M. 1927,224 pp. 5/.

A well-written and suggestive essay, discussing the problems arising from the advent of the English and the introduction of western methods in India.

FATHER INDIA. By C. S. Ranga Iyer. London: Selwyn and Bount, 1927, 207 pp. 6/.

A member of the Indian Legislative Assembly replies to Miss Mayo's book, rectifying some errors and putting some of her generalizations into their proper setting.

INDIA AND THE WEST. By Francis S. Marvin. New York: Longmans, 1927, 190 pp. $2.75.

The author emphasizes the opportunities offered India by her membership in the League of Nations, and urges an attitude of coöperation.

YOUNG INDIA. By Mohandas K. Gandhi. New York: Viking, 1927, 999 pp. $5.00.

Selections from the great leader's contributions to the journal *Young India* in the years from 1924–1926.

The Near East

DENKWÜRDIGKEITEN. By Marshal Ahmed Izzet Pasha. Leipzig: Koehler, 1927, 309 pp. M. 12.50.

The first publication of the memoirs of the former Turkish Chief of Staff and Grand Vizir. An important volume for the study of the last twenty years of Turkish history.

DER KRIEG IN DEN TÜRKISCHEN GEWÄSSERN. By Hermann Lorey. Berlin: Mittler, 1928, 430 pp. M. 14.50.

Volume one of an important military study, covering the work of the Mediterranean squadron.

L'ISLAM ET L'ASIE DEVANT L'IMPÉRIALISME. By Eugène Jung. Paris: Marpon, 1927, 316 pp. Fr. 15.

The writer predicts a war of races and religions unless more consideration is introduced into the relations of the western nations with the so-called backward peoples.

L'ISLAM ET LA POLITIQUE CONTEMPORAINE. By Marshal Lyautey and others. Paris: Alcan, 1927, 176 pp. Fr. 12.

A series of lectures delivered at the *École des Sciences Politiques* by General Weygand, René Pinon, Jules Cambon, the Comte de Saint-Aulaire and others.

KRITISCHE REISE DURCH PALÄSTINA. By Alfred Wiener. Berlin: Philo, 1927, 156 pp. M. 2.40.

Another account of the remarkable changes wrought in the Holy Land.

THE NEW PERSIA. By Vincent Sheean. New York: Century, 1927, 344 pp. $2.50.

The author discusses the last revolution and what it stands for, but takes a rather pessimistic view of the future of Persia, which, he thinks, will inevitably become again a bone of contention between England and Russia.

Africa

AU MAROC AVEC LYAUTEY. By Max Leclerc. Paris: Colin, 1927, 134 pp. Fr. 26.

A history of the critical period in 1921.

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SEVEN YEARS IN SOUTHERN ABYSSINIA. By Arnold W. Hodson. London: Fisher Unwin, 1927, 277 pp. 18/.

The British Consul for Southern Abyssinia gives a vivid account of his experiences during the years 1914 to 1927.

SAVAGE ABYSSINIA. By James E. Baum. New York: Sears, 1927, 357 pp. $5.00.

Essentially a travel book, with a reliable account of present conditions.

NIGERIA UNDER BRITISH RULE. By Sir William N. M. Geary. London: Methuen, 1927, 320 pp. 16/.

The author traces the history of British rule from the beginning, using unpublished material for the period prior to 1900. The book is based in large part upon personal observation of developments and is well equipped with statistics.

KENYA FROM WITHIN. By W. McGregor Ross. London: Allen and Unwin, 1927, 486 pp. 18/.

Though written by a high official in the English service, this volume is a bitter indictment of the methods employed by the local authorities and the settlers. Though quite obviously written in bad temper, the book is in many ways very enlightening.

SOUTH AFRICA WHITE AND BLACK—OR BROWN? By Colonel P. A. Silburn. London: Allen and Unwin, 1927, 192 pp. 6/.

The author foresees the increase of degenerate browns and a consequent danger to the development of South Africa.

A HISTORY OF SOUTH AFRICA. By Eric A. Walker. New York: Longmans, 1928, 635 pp. $5.00.

A first rate general history of South Africa, written in a scholarly way by a competent authority. The point of view is commendably broad and the mastery of the material exceptional.

The Far East

MEMOIRS OF A CHINESE REVOLUTIONARY. By Sun-Yat-Sen. London: Hutchinson, 1927, 254 pp. 10/6.

A program of National reconstruction, published in Russia in 1918 and now translated, with some amplification.

L'ÉSPRIT DU PEUPLE CHINOIS. By Kou-Houng-Ming. Paris: Stock, 1927, 180 pp.

A notable book. The writer, a Chinese of the old school who has lived in the west, bitterly condemns western civilization and its failure to enlist the individual in the service of the community. At the same time he gives an unusually clear evaluation of the Chinese civilization.

EXPLAINING CHINA. By John E. Baker. London: Philpot, 1927, 330 pp. 15/.

A substantial and thoroughly reliable account of various aspects of Chinese life, by one who was for years an adviser to the Chinese Government.

THE CHINESE PUZZLE. By Arthur Ransome. Boston: Houghton Mifflin, 1927, 189 pp. $2.00.

A stimulating review of the Chinese difficulties, written by a keen English journalist of advanced liberal tendencies.

WHAT'S RIGHT WITH CHINA. By O. D. Rasmussen. New York: Stechert, 1927, 275 pp. $3.50.

A cogent reply to some of the criticisms most commonly made of the Chinese position.

CHINA. A NATION IN EVOLUTION. By Paul Monroe. New York: Macmillan, 1928, 462 pp. $3.00.

The author examines the Chinese situation from all possible viewpoints with a good deal of understanding and grasp.

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VITAL FACTORS IN CHINA'S PROBLEMS. By Teng-Hwee-Lee. New York: Stechert, 1927, 440 pp. $2.50.

A useful selection and translation of current writings in Chinese.

HUMANITY AND LABOUR IN CHINA. By Dame Adelaide M. Anderson. London: S.C.M. 1927, 301 pp. 10/6.

The results of an investigation of industrial conditions by the Principal Lady Inspector of Factories in England. Full of important data, but not well presented.

SOCIAL CURRENTS IN JAPAN. By Harry E. Wildes. Chicago: Chicago University Press, 1927, 391 pp.

An excellent study of the Japanese press and the larger problems agitating the country at the present time.

Latin America

SOUTH AMERICA LOOKS AT THE UNITED STATES. By Clarence H. Haring. New York: Macmillan, 1928, 243 pp. $2.50.

This is by far the best single book on the problem of our relations with South America as it presents itself at the present time. The author not only discusses the various reasons for the distrust of our policy felt by Latin American countries, but also outlines the Pan-Hispanic movement and its aims. The book is written with sound knowledge, sympathetic understanding and absolute freedom from bias.

LOS TEMAS FUNDAMENTALES DE HISPANOAMÉRICA. By Eutiquio Aragonés. Madrid: Rivadaneyra, 1927, 194 pp. Pes. 5.

A restatement of the program of the movement.

MODERN MEXICO AND ITS PROBLEMS. By J. W. Brown. London: Labour Publishing Company, 1927, 128 pp. 4/6.

Essentially an account of the Mexican labor movement, with chapters dealing also with the Church, the oil interests and the relations of Mexico and the United States.

EL BRASIL Y LA SOCIEDAD DE NACIONES. By José Carlos de Macedo-Soares. Madrid: Espasa Calpe, 1927, 270 pp. Pes. 5.

A reasoned explanation of Brazil's withdrawal from the League and her demands in the question of international organization.

LES EMPRUNTS EXTÉRIEURS ET LA RÉFORME MONÉTAIRE DE LA RÉPUBLIQUE DE NICARAGUA. By Leon de Bayle. Paris: Librairie Générale de Droit, 1927, 146 pp. Fr. 25.

An important scholarly investigation of the monetary aspects of the Nicaraguan situation.

LA RÉPUBLIQUE ARGENTINE. By G. Lafond. Paris: Roger, 1927, 96 pp. Fr. 5.

A very brief, but helpful survey of Argentine conditions.

Miscellaneous

LA CONCEPTION DE L'ÉTAT ET L'IDÉE DE LA COHÉSION ETHNIQUE. By Baron Alphonse de Heyking. Paris: Rousseau, 1927, 156 pp. Fr. 28.50.

A suggestive essay, approaching the subject from the standpoint of international law.

THE HISTORY OF EUROPEAN LIBERALISM. By Guido de Ruggiero. New York: Oxford University Press, 1927, 476 pp. $5.50.

The English translation of an excellent work already listed in these columns.

INTERNATIONAL CARTELS, COMBINES AND TRUSTS. By Robert Liefmann. London: Europa Publishing Company, 1927, 152 pp. 5/.

An illuminating survey of an urgent problem, based upon the discussions of the International Economic Conference.

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By Denys P. Myers

PUBLIC DOCUMENTS OFFICIALLY PRINTED

Documents may be procured from the following. United States: Gov't Printing Office, Washington. Great Britain: P. S. King & Son, 2 Great Smith Street, London, or British Library of Information, 44 Whitehall St., New York. France: Terquem, 1 Rue Scribe, Paris. League of Nations, Internat'l Labor Office and Perm. Court of Internat'l Justice: World Peace Foundation, 40 Mt. Vernon St., Boston. Washington imprints are Government Printing Office and London imprints are His Majesty's Stationery Office, unless otherwise noted.

AIR NAVIGATION

AGREEMENT between His Majesty in respect of Great Britain and Northern Ireland and the President of the German Reich relating to Air Navigation together with notes exchanged. Berlin, June 29, 1927. London, 1928. 15 p. 24½ cm. (Treaty Series No. I (1928), Cmd. 3010). 3d. net.

INTER-AMERICAN Commission on Commercial Aviation. Actas de las sesiones May 2–19, 1927. Pan American union, 1927. 117 l. (mimeog.)

INTER-AMERICAN Commission on Commercial Aviation. Final act of the Inter-American Commerical Aviation Commission; May 2–19, 1927. Washington, D. C. [Washington, 1927]. 25 leaves.

PAN AMERICAN UNION. *Governing board.* Project of Convention on Commercial Aviation, formulated by the Governing Board of the Pan American Union, in compliance with a resolution of the Fifth International Conference of American States based on the conclusions of the Inter-American Commercial Aviation Commission. (Washington, 1927?) 27 leaves.

ARBITRAL AWARDS

CONVENTION on the Execution of Foreign Arbitral Awards. Geneva, September 26th, 1927. 8 p. 31½ cm. (C. 659. M. 220. 1927. II).

OPENING of a Convention relating to the Execution of Foreign Arbitral Awards. — Report and Draft Resolution Submitted by the Second Committee to the Assembly. 10 p. 32 cm. (C. 516 M. 175. 1927. II.).

BELGIUM

CONVENTION between the United States and Belgium, Prevention of Smuggling of Intoxicating Liquors. Signed at Washington, December 9, 1925. . . . Washington, 1928. 6 p. 23½ cm. (Treaty Series No. 759). 5 cents.

BOUNDARY DELIMITATIONS

COMMISSION de délimitation internationale des frontières de l'Albanie . . . Frontière greco-albanaise. Protocole de délimitation. Florence, [Ricci], 1925. 14 p.

COMMISSION de délimitation de la frontière greco-bulgare. . . Description de la frontière de borne à borne. Sofia, Imp. d'état, 1922. 190 p.

COMMISSION de délimitation de la frontière greco-turque . . . Protocole des conclusions de la Commission. Athènes, Macris, 1926. 31 p.

CLAIMS

A BILL to provide for the settlement of certain claims of American nationals against Germany and of German nationals against the U. S. . . . Union Calendar No. 8. H. R. 7201. (Report No. 17) 39 p. 27 cm.

CLAIMS Arising Out of occupation of Vera Cruz, Mexico. Message from the President of the United States. Washington, 1928. 14 p. 23 cm. (Sen. Doc. No. 33, 70th Cong., 1st sess.).

CONVENTION between the U. S. and Mexico, extending Duration of the General Claims Commission provided for in Convention of Sept. 8, 1923. Treaty Series No. 758. Washington, 1927. 3 p. 22½ cm.

SETTLEMENT of War Claims. Report of Mr. Green from the Committee on Ways and Means. House of Representatives. 70th Congress, first session. Report No. 17. Washington, 1927. 25 p. 22 cm.

SEVENTH Annual Report of the Controller of the Clearing Office. The administrator of German, Austrian, Hungarian, and Bulgarian property and the director of the Russian Claims Department. London, 1927. 75 p. 23½ cm. 2s. net.

COMMUNICATIONS AND TRANSIT

THIRD GENERAL Conference on Communications and Transit. Records and Texts relating to the General Discussions of the Conference. Geneva, August 23rd to September 2nd, 1927. Vol. I. Geneva, 1927. 89 p. 32½ cm.

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THIRD GENERAL Conference on Communications and Transit. Records and Texts relating to the Collection and Exchange of General Information on Communications and Transit. Vol. II. Geneva, 1927. 55 p. 32½ cm.

THIRD GENERAL Conference on Communications and Transit. Records and Texts relating to Identity and Traveling Documents for Persons without Nationality or of Doubtful Nationality. Vol. III. Geneva, 1927. 62 p. 32½ cm.

THIRD GENERAL Conference on Communications and Transit. Records and Texts relating to the Statute of the Organization for Communications and Transit and the Rules of Procedure for General Conferences. Vol. IV. Geneva, 1927. 67 p. 32½ cm.

COUNTERFEITING

MIXED COMMITTEE for the Suppression of Counterfeiting Currency. Report and Draft Convention. Geneva, 1927. 24 p. 25½ cm. (C. 523. M. 181. 1927. II. 70).

COURT OF INTERNATIONAL JUSTICE, PERMANENT

CASE concerning the Factory at Chorzów (Indemnities). Order made on November 21st, 1927. 11 double pages, 24½ cm. (Series A, No. 12).

CASE of the Readaptation of the Mavrommatis Jerusalem Concessions. (Jurisdiction) (October 10, 1927.) 64 double pages. (Series A, No. 10). $1.00.

ELEVENTH (Ordinary) Session (June-July, 1926). Documents relating to advisory Opinion No. 13 (July 23rd, 1926). Competence of the International Labour Organisation to regulate, incidentally, the Personal Work of the Employer. 306 double pages. 24 cm. (Series C, No. 12). $3.80.

JUDGMENT No. 11. — Interpretation of Judgments Nos. 7 and 8 (The Chorzów Factory). December 16th, 1927. 27 double pages, 24½ cm. (Series A, No. 13).

JURISDICTION of the European Commission of the Danube between Galatz and Braila. Opinion delivered by the Court on December 8th, 1927 (with one annex). 146 double pages. (Series B, No. 14).

TWELFTH (Ordinary) Session. Documents relating to Judgment No. 8. (July 26th, 1927). Case concerning the Factory at Chorzów (Claim for Indemnity) (Jurisdiction). 218 p. 24 cm. (Series C, No. 13, I). $2.40.

TWELFTH (ordinary) Session (1927). Documents relating to Judgment No. 9 (September 7th, 1927). The "Lotus" Case. 474 p. (Series C, No. 13, II). $4.20.

INTERNATIONAL LAW, CODIFICATION

A CODÍFICAÇÃO americaa do direito internacional. Documentos officiaes colligidos en publicados por ordem de sua Excellencia O Sr. Dr. Octavio Manghabeira, ministro de estado das relações exteriores por Sylvio Roméro, filho. Rio de Janeiro, 1927. 7 Vols. 23 cm.

———Apreciações sobre os trabalhos da segunda reunião da Commissão de Jurisconsultos Americanos. Pelos Doutores Eduardo Espinola e Antonio Marques dos Reis. Rio de Janeiro, 1927. (Pandectas brasileiras) (separata).

INTERNATIONAL Commission of jurists. Comisión internacional de jurisconsultos americanos. Reunion de 1927 . . . (ed. castellaña). Rio de Janeiro, Imprensa nacional, 1927. 139 p.

Committee of Experts for Progressive Codification of International Law.

REPORT to the Council of the League of Nations on the Questions which appear ripe for International Regulation (Questionnaires Nos. 1 to 7), adopted by the Committee at its Third Session in March–April 1927. 282 p. 32½ cm. (C. 196. M. 70. 1927. V. 1). $2.50.

GENERAL REPORT on Procedure adopted by the Committee at its Third Session, held in March–April 1927. (C. 197. M. 71. 1927. V. 2). $0.02.

REPORT to the Council of the League of Nations on the Procedure to be followed in regard to the Question of the Procedure of International Conferences and the Procedure for the Conclusion and Drafting of Treaties. (Questionnaire No. 5, adopted by the Committee at its Third Session, held in March and April 1927). (C. 198. M. 72. 1927. V. 3). $0.02.

REPORT to the Council of the League of Nations on the Procedure to be followed in regard to the Question of the Exploitation of the Products of the Sea. (Questionnaire No. 7, adopted by the Committee at its Third Session, held in March and April 1927). (C. 199. M. 73. 1927. V. 4). $0.02.

QUESTIONNAIRE No. 8, adopted by the Committee at its Third Session, held March–April 1927. Communication of Judicial and Extra-Judicial Acts in Penal Matters and Letters Rogatory in Penal Matters. (C. 201. M. 75. 1927. V. 6). $0.30.

QUESTIONNAIRE No. 9, adopted by the Committee at its Third Session, held March–April 1927. Legal Position and Functions of Consuls. (C. 202. M. 76. 1927. V. 7). $0.02.

QUESTIONNAIRE No. 10, adopted by the Committee at its Third Session, held March–April 1927. Revision of the Classification of Diplomatic Agents. (C. 203. M. 77. 1927. V. 8). $0.05.

QUESTIONNAIRE No. 11, adopted by the Committee at its Third Session, held in March–April 1927. Competence of the Courts in regard to Foreign States. (C. 204. M. 78. 1927. V. 9). $0.10.

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THE MOST-FAVOURED-NATION CLAUSE. Report adopted by the Committee at its Third Session, held in March–April 1927. (C. 205. M. 79. 1927. V. 10). $0.15.

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'IRAQ

'IRAQ. Treaty between the United Kingdom and 'Iraq. London 1927. 5 p. 23½ cm. (Cmd. 2998) 2d. net.

LABOR CONVENTIONS

DRAFT CONVENTIONS and Recommendations adopted by the International Labour Conference at its Ten Sessions held 1919–1927. Geneva, 1927. 142 p. 26½ cm. 25 cents.

LEAGUE OF NATIONS. International Labour Conference. Draft Conventions and Recommendation adopted by the Conference at its tenth session. May 25–June 16, 1927. London, 1927 (Cmd. 2961). 9d.

LOANS, INTERNATIONAL

BANKING and Currency Reform in Estonia. Protocol signed at Geneva on December 10th, 1926. With the relevant Reports of the Financial Committee and Council Resolutions; together with the Text of the Estonian Financial Laws of April 29th and May 3rd, 1927. 26 p. 32½ cm. (C. 227. M. 89. 1927. II. 45).

GREEK Stabilisation and Refugee Loan. Protocol and Annexes approved by the Council of the League of Nations and signed on behalf of the Hellenic Government on September 15th, 1927. With the Relevant Reports of the Financial Committee and Resolutions of the Council and of the Assembly. 43 p. 31½ cm. (C. 556. M. 198. 1927. II.)

MANDATES

RAPPORT à la Société des Nations sur la situation de la Syrie et du Liban (année 1926). Paris, 1927. 245 p. 31 cm. 50 cents.

REPORT by His Britannic Majesty's Government to the Council of the League of Nations on the Administration of 'Iraq for the year 1926. London, 1927. 160 p. 24½ cm. (Colonial No. 29). 5s. 3d. net.

REPORT by His Britannic Majesty's Government to the Council of the League of Nations on the Administration of the British Cameroons for the Year 1926. London, 1927. 133 p. and map. (Colonial No. 30) 5s. net.

REPORT by His Britannic Majesty's Government to the Council of the League of Nations on the Administration of the British Sphere of Togoland for the Year 1926. London, 1927. 99 pp. 24½ cm. (Colonial No. 28). 3s. 3d. net.

REPORT by His Britannic Majesty's Government to the Council of the League of Nations on the Administration of Tanganyika territory for the Year 1926. London, 1927. 102 pp. and map. 24½ cm. (Colonial No. 25). 3s. 6d. net.

REPORT by His Britannic Majesty's Government to the Council of the League of Nations on the Administration of Palestine and Trans-Jordan for the Year 1926. London, 1927. 103 pp. 24½ cm. (Colonial No. 26). 3s. 6d. net.

REPORT of the Government of the Union of South Africa on South-West Africa for the Year 1926. Cape Town, 1927. 101 p. 32 cm.

MARITIME LAW

INTERNATIONAL Conference on Maritime Law, 6th. Brussels, 1926. Conférence internationale de droit maritime, Bruxelles, 1926. Bruxelles, Imp. du Moniteur belge, 1927. 109 p.

NAVAL ARMAMENTS, LIMITATION

GENEVA CONFERENCE for the limitation of Naval Armaments. Speeches in plenary session by the Right Hon. W. C. Bridgeman, M.P., First Lord of the Admiralty. London, 1927. 21 p. 23½ cm. (Cmd. 2964) 6d. net.

RECORDS of the Conference for the limitation of naval armaments. Held at Geneva from June 20th to August 4th, 1927. Geneva, 1927. 164 p. 32½ cm. Not in commerce. Distributed in the United States by the Department of State, primarily to institutional applicants.

NEW HEBRIDES

NOTES exchanged between His Majesty's Government in Great Britain and the French Government confirming the agreement of August 18, 1927, regarding the Administration of the New Hebrides. London, 1927. 6 p. 23½ cm. (Treaty Series No. 28 (1927), Cmd. 2988), 2d. net.

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NICARAGUA

Commerce of Nicaragua; latest Reports from Nicaraguan official sources. (Washington, 1927). (1)–12–(1) p. (Foreign Trade Series No. 32, 1927.) 30 cents.

NICARAGUA. Presidente. Mensaje . . . ante el soberano Congreso nacional, en su reunion ordinaria el 15 de diciembre de 1927. Managua, Tipografia y encuadernacion nacional, 1927. 23 p.

OPIUM

ADVISORY Committee on Traffic in Opium and other Dangerous Drugs. Minutes of the Tenth (extraordinary) Session held at Geneva from September 28th to October 8th, 1927. 132 p. 32½ cm. (C. 557. M. 199. 1927. XI. 10).

PACIFIC INTERESTS

PAN PACIFIC Conference on Education, rehabilitation, Reclamation and Recreation. Report of Proceedings of First Pan Pacific Conference. Honolulu, April 1927. Washington, 1927. 493 p.

PAN AMERICAN CONFERENCE

ADDRESS of President Coolidge before the Pan American Conference. Havana, Cuba, January 16, 1928. Washington, 1928. 9 p. 22½ cm.

DIARIO de la Sexta conferencia internacional Americana. No. 1. — Habana, lunes 16 de enero de 1928 —. Habana, [Rambla, Bouza y Ca.], 1928. 32 cm.

PROPAGANDA

HEARINGS before a Special Committee to Investigate Propaganda or Money Alleged to have been Used by Foreign Governments to Influence United States Senators. United States Senate, 70th Congress, First session. Washington, 1927. 190 p. 22 cm. Part 1 and 2.

RADIOTELEGRAPHY

INTERNATIONAL Radiotelegraph Convention, and General and Supplementary Regulations relating thereto. Message from the President of the United States transmitting International Radiotelegraph Convention and the General Regulations, adopted and signed at the International Radiotelegraph Conference, which closed its labors at Washington on November 25, 1927. Washington, 1927. 293 p. 22 cm. (Senate Executive B, 70th Cong., 1st sess.), $0.40.

INTERNATIONAL Radiotelegraph Conference. Conference Radiotélégraphique Internationale de Washington, 1927. Listes et addresses des délégués des gouvernements et des représentants des compagnies et des organismes internationaux. 5e tirage. Washington, 1927. ii–31 p.

REPARATION

REPORT of the Agent-General for Reparation Payments (December 10, 1927). London, 1927 252 p. 24 cm. (Reparation Commission. Documents. XVII). 4s. 6d. net.

REPORT of the Commissioner for the German railways. (Dec. 2, 1927). Report of the Commissioner of the Reichsbank. (Dec. 7, 1927). Report of the Commissioner of controlled revenues. (Oct. 26, 1927). Report of the trustee for the German Industrial Debentures. (Nov. 15, 1927). London, 1927. 269 p., 24 cm. (Reparation Commission, Documents, XVII A). 4s. 6d. net.

TAXATION

DOUBLE Taxation and Tax Evasion. Report presented by the Committee of Technical Experts on Double Taxation and Tax Evasion. Geneva, 1927. 33 p. 26½ cm. (C. 216. M. 85. 1927. II. 40).

TRAFFIC IN WOMEN AND CHILDREN

REPORT of the Special Body of Experts on Traffic in Women and Children. Part Two. Geneva, 1927. 226 p., table. 32½ cm. (C. 52 (2). M. 52 (1). 1927. IV. 211). $2.00. This section of the report contains the detailed data collected by the experts in the various countries visited. It was submitted to the governments concerned for their comments before publication.

TRAFFIC in Women and Children Committee. — Abstract of the Reports from Governments on the System of Licensed Houses as Related to Traffic in Women and Children. 51 p. 31½ cm. (C. T. F. E. 336. (1)).

WORLD WAR

RAPPORT présenté aux chambres legislatives par M. le Ministre des Affaires etrangeres en réponse au rapport présenté par la Sous-Commission parlementaire du Reichstag allemand sur les déportations belges (1916–1917). [Bruxelles, 1927]. 75 p. 33½ cm. (Chambre des Représentants. Séance du 14 juillet 1927, No. 336).

REPORT made by the Minister for Foreign Affairs before the Belgian Parliament, dealing with certain Assertions of the Reichstag Commission of Inquiry concerning a so-called Francs-Tireurs War in Belgium. July 13th, 1927. [Bruxelles, 1927]. 15 p. 33½ cm.

REPORT laid before the Legislative Chambers by the Minister for Foreign Affairs, concerning certain Conclusions of the Reichstag Commission of Enquiry on Events of the War of 1914. Bruxelles, Moniteur belge, 1927], 7 p. 33½ cm.

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DEPARTMENT OF STATE NEWS RELEASES

The Department of State, Division of Current Information, issues to the press copies of documents made public from time to time. Recent releases are listed below, with identifying numbers. Application for authentic copies should be made to the Division of Current Information, Department of State, Washington, D. C. They are mimeographed and are to be distinguished from publications of the Department which issue from the Government Printing Office.

ADDRESSES — William R. Castle, Jr., Assistant Secretary of State, at the meeting of the General Federation of Women's Clubs, Jan. 15, S. D. 292, Jan. 14.

BELGIUM — Ratifications of treaty signed December 9, 1925, between United States and Belgium to prevent illegal importation of intoxicating liquors, S. D. 282, Jan. 11.

CANADA — Requirements to be met by American aircraft entering Canada, S. D. 284, Dec. 31.
Border crossing regulations, S. D. 283, Nov. 29.

CHINA — Soviet consulate raided by Chinese troops, S. D. 288, Dec. 16.
Communist uprisings in Hankow and Canton, S. D. 287, Dec. 19.
Uncertain outlook in Canton, S. D. 286, Dec. 20.
Situation at Hankow, S. D. 285, Nov. 16.

FRANCE — Note of Dec. 28, in reply to the Briand proposal, S. D. 289, Jan. 3.
French note of Jan. 5, in reply to U. S. note of Dec. 28, S. D. 290, Jan. 6.
U. S. note of Jan. 13, in reply to French note of Jan. 5, S. D. 291, Jan. 12.

GREAT BRITAIN — Secretary's statement regarding gun elevation, S. D. 293, Dec. 30.

HONDURAS — Treaty of commerce with Honduras signed, S. D. 294, Dec. 12.

MEXICO — Communication of H. N. Branch of the Huasteca Petroleum Company to L. N. Morones, Secretary of Industry, Commerce and Labor; the latter's reply, S. D. 297, Jan. 13.
Translation of law amending Art. 14 and 15 of Mexican Petroleum Law, S. D. 296, Jan. 12.

NICARAGUA — William W. Cumberland designated to make financial and economic survey of Nicaragua, S. D. 299, Nov. 15.
Additional marines sent to Nicaragua, S. D. 300, Jan. 3.
Statement of the Secretary regarding Presidential candidates in Nicaragua, S. D. 298, Oct. 26

PANAMA — Correspondence regarding supervision of Panaman elections, S. D. 301, Jan. 4.

PASSPORTS — Passports issued to or including fiancees, S. D. 302, Jan. 3.

SPAIN — Most-favored-nation treatment granted to products of the U. S. by Spain, S. D. 303, Nov. 5.
Spanish oil monopoly established in Spain under Government auspices, S. D. 304, Dec. 29.

SWITZERLAND — Communication from the Department of State to the Secretary General of the League of Nations, dated December 16, 1927, containing comment of the Government of the United States on certain questions in the questionnaire prepared by the Committee of Experts for the Progressive Codification of International Law, S. D. 295, Dec. 19.

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